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Full Name of Author — Nom complet de l'auteur
DURE - SHAHWAR ATIQ

Date of Birth — Date de naissance FEBRUARY 9th, 1953	Country of Birth — Lieu de naissance PAKISTAN

Permanent Address — Résidence fixe
408 ROONEY CR.
EDMONTON, ALBERTA
T68 1BR

Title of Thesis — Titre de la thèse
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COMMUNITY ECONOMIC DEVELOPMENT -
THE CASE OF CALDER COMMUNITY

by

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PERMANENT ADDRESS: 408 Rooney Crescent
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FACULTY OF GRADUATE STUDIES AND RESEARCH

The undersigned certify that they have read, and recommend to the Faculty of Graduate Studies and Research, for acceptance, a thesis entitled .... Community Economic Development: The Case of Calder Community .... submitted by ...Dure S. Atiq .... in partial fulfilment of the requirements for the degree of Master of Arts in Community Development.

......Leslie Bella.........
Supervisor

....

....

Date ...October..12th..1984

ABSTRACT

Communities all across Canada are being challenged to find new solutions to their problems. Community economic development (c.e.d.) is one strategy that is being used by some communities in Canada. This study focuses on only one dimension of c.e.d. - the creation of new local businesses.

A Community Development Corporation (CDC) is one of the main vehicles of c.e.d. A CDC is concerned with all aspects of community life - social, political, organizational, cultural and economic.

The review of small business and community business literature revealed that six major factors were crucial ingredients for the success of community ventures:

1. Management
2. Marketing
3. Accounting
4. Capital
5. Goal Clarity
6. Government Involvement and Commitment

This study attempted to study three projects of Calder Action Committee, the only CDC in Edmonton, to determine why two projects are surviving and one closed. The three projects were described and analysed in terms of each of these six factors and the levels of satisfaction of six parties-at-interest.

Though the scope of the study is limited, the results of this thesis suggest that there is a greater chance of survival, and a better likelihood of definite success, if there are more components present. Therefore, community groups interested in business must ensure that all six areas are given adequate attention.

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CHAPTER 1

STATEMENT OF THE PROBLEM

Introduction

In these turbulent times of high unemployment, most communities all across Canada are being challenged to find new solutions to their problems. Community economic development (c.e.d.) is one strategy of economic development that is being used by some communities in Canada. People are embarking on c.e.d. projects of various kinds.

> ...in order to create a greater degree of local control over their communities and economies by reducing local unemployment, raising capital to finance community-based social services and decreasing external dependency.[1]

A Community Development Corporation (CDC) is one of the main vehicles for c.e.d. (Co-ops for instance are other means of creating c.e.d.). Though the concept of community development corporation is a relatively new one in the field of development, it provides exciting opportunities and possibilities for communities to launch an overall comprehensive program.

Rita Mae Kelly states that there are 4 main dimensions to c.e.d. These are:

1. creating new local businesses;
2. identifying new talents and resources;
3. improving physical and social environment; and
4. increasing job and entrepreneurial opportunities.[2]

All the above activities are done under the guidance of local residents. Thus, CDC is concerned with all sectors of the community - human, financial, organizational, political, social and economic.

It is the intent of the writer to analyze only one dimension of c.e.d. More specifically, the writer intends to determine the major factors responsible for the success of a small business (SB). Due to insufficient literature on community business, the writer has had to draw heavily on SB literature.

Authors of SB management textbooks have wrestled with the definitional problems of SB. According to D. Steinhoff:

> Of the various definitions of a small firm used for different purposes, perhaps the most useful one has been developed by the Committee for Economic Development (CDC). This important research organization based its definition on the characteristics of the individual firm. To qualify as a small business under this definition, a firm must possess two of the following four key factors:
>
> 1. Management of the firm is independent. Usually the managers are also the owners.
>
> 2. Capital is supplied and the ownership is held by an individual or a small group.
>
> 3. The area of operations must be mainly local, with the workers and owners living in one home community. However, markets need not be local.
>
> 4. The relative size of the firm within its industry must be small when compared with the biggest units in its field. This measure can be in terms of sales volume, number of employees or other significant comparisons.[3]

Another recent contribution to SB management literature discusses definitions according to size and the intentions of managers or owners. These authors define SB as:

> ...an organization with a name, a place of operations, an owner, and one or more workers other than the owner.[4]

The literature on SB is replete with statistics of high failure rate of SB. For example, 400,000 small businesses fail in U.S.A. every year, and 80% of all businesses fail within the first five years of operation.[5]

In today's uncertain times, it can be assumed that the failure rate of small businesses would be even higher - with worst economic conditions since the Depression, rising interest rates, expensive and hard to procure loans and spiralling costs of operation. Thus, the writer feels that it is more important than ever before for communities or "the third sector", as they are now called, to carefully research, analyze and evaluate the projects they want to embark on. They must be aware of and adept at the rules of SB.

After reviewing the literature on SB, the author has come to the conclusion that the following six areas are crucial to the survival and success of CDC's engaged in business:

1. Management
2. Marketing
3. Accounting
4. Capital
5. Goal Clarity
6. Government Involvement/ Commitment

Statement of the Problem

This study will attempt to determine the extent to which factors critical to SB success are present in ventures started by the Calder Action Committee, the only Community Development Corporation (CDC) operating in Edmonton.

Calder is located in northwest Edmonton immediately north of Edmonton Municipal Airport and the Canadian National Railway's Calder Yards.[6] It is an older community with a history of its own before it was absorbed by Edmonton. It is a lower income area with many seniors and single parents.

The Calder Action Committee was established in 1976 to upgrade the area through NIP (Neighbourhood Improvement-Program). In 1978, as the program neared its completion, the Committee discussed ways in which it could continue to serve the community. The concept of CDC was eventually adopted. According to Gerri de Hoog, President of Calder Action Committee (CAC), the group aims to respond to physical, social and cultural needs. The Community Development Corporation is defined by Gerri de Hoog and Simone Secker as a "not-for-profit, multi-purpose organization, incorporated, managed and controlled by local people to solve local socio-economic problems independently of all levels of government."[7]

Before embarking on a CDC approach, the Calder Action Committee was already a cohesive group with a high neighbourhood profile and a successful project to its credit. Although it operates on a more modest scale than other C.D.C.'s in Canada, the CAC has initiated a number of projects that are viable.

CAC's projects fall under three categories that are operated by its Board of Directors through its committees. These are the Child Care Committee, Cultural Committee and Calder Management Committee. A fourth, the Economic/Business Committee has been shelved for the time being, according to Gerri de Hoog, as a project started by the Committee and operated for a year under the name of CHUMS, had to be closed for various reasons.[8]

Under the Child Care Committee, there are two projects operating successfully. These are the Daycare and Out-of-School Care programs. The Keyano Daycare opened on April 6th, 1981. It has three full-time and one part-time employee. It operates out of Calder Elementary School. The Committee has leased public school board space. The objective is to provide quality care for the children of the neighbourhood. It is licensed for 25 children.

The Out-of-School Care Program was started in October 1980. It is open from 7:00 a.m. to 6:00 p.m. weekdays and on school holidays. It caters to the six to twelve years age group and has at no time reached a full enrollment. There is one full-time Director and two part-time staff members.

The CAC formed an Economic/Business Committee and utilized a Community Development Grant to operate CHUMS (Calder Home Upkeep and Maintenance Service). It was geared to providing services and products to seniors and lower income groups. These services and products included painting, yardwork, plumbing, electrical work and installing safety deadbolt locks. However, according to G. de Hoog, due to lack of seed money and poor marketing, the project failed.[9]

The writer intends to analyse the reasons for success of the two projects and failure of CHUMS project. The six major factors crucial to community business success will be used as a guideline for understanding why the two projects of Calder Action Committee succeeded and a third failed. The writer agrees with Mayer and Goldstein[8] who in their study of 81 small firms state that,

> ...any causal analysis must take into consideration the interplay not only of easily identifiable and measurable factors such as capitalization, location, social and demographic characteristics, but must also consider intangible but sometimes decisive factors such as persistence, responsibility, optimism, versatility and other personality traits.[10]

In order to determine whether a business is successful, one must know the goals or purposes of the business and to what degree these goals are satisfied. However, as H.B. Pickle has pointed out in his study, one person's idea of the goals or objectives of the business, may be different from another's, since several groups have a vested interest in any business.[11] For example, to an owner it would be profit and psychic rewards, or in the case of CAC - provision of quality child-care in the two on-going projects, to an employee it would be salary and security, and to other groups it may have different meanings.

Here the writer concurs with Pickle's statement that it is more realistic to determine society's view of purpose or justification for the business rather than to totally concentrate on individual viewpoints. Using this approach, Pickle concludes that the purpose of a SB is to provide goods and services that satisfy wants and needs of a population.

Thus, the criteria for judging the success of the projects will not be the traditional measure of success, that is, profit; because as pointed out by Pickle, such an attitude considers only the ownership group which has a vested interest in the business. Moreover, Community Development Corporations consider it vital not to measure their performances only on statistics of business profits, or for that matter the number of jobs created.

> "The concern of CDC's to define their efforts and the results of those efforts in broad qualitative terms as well as in quantitative measures fits the comprehensive programs that they launch. The federal agency and its research contractors have recognized that and have also responded to

the CDC variations by attempting to measure success for each CDC in terms of its own goals and schedule of steps for meeting those goals.[12]

A more comprehensive criterion for judging the success of the projects would be how well the various parties-at-interest are satisfied. H.B. Pickle in his study has divided the parties-at-interest, or those who have an interest in the business into eight groups. For the purposes of this study, the writer will use only six groups or parties-at-interest.[13] These are:

1. customers - persons making purchase of either goods or services from the business surveyed;
2. owners - a person or persons holding title to assets of business. "Owner can vary from a single proprietor, to partners, to stockholders in a corporation;
3. employees - all persons among the business surveyed who are are paid hourly, weekly or monthly wages; full time employees; part-time employees; and quasi-foremen. Management personnel are not included in Pickle's classification of "employees";
4. communities - all persons occupying the town site areas that embrace the businesses surveyed;
5. governments - local, state and federal governments and their agencies and commissions;[14] and
6. competitors - those businesses engaged in the same general line of endeavour as the business surveyed, and within close enough proximity to compete for many of the same potential customers.

The writer will study the three projects of Calder Action Committee in terms of their implicit and explicit goals and the steps taken for meeting those goals. Also, as mentioned earlier, it is important to evaluate the projects' success or failure in the light of the satisfaction they provide to the various parties-at-interest. The writer will use the same classification of six groups of people who have an interest in the success of the projects as used by H.B. Pickle in his aforementioned study.

The propositions of the writer are that the two projects of Calder Action Committee, Daycare and Out-of-School Care Program, are surviving[15] because:

1. there was a consensus within the group involved on the implicit and explicit goals of the organization;
2. the steps taken to implement these goals followed to a great degree the six major factors listed by the writer as important contributing factors to the success of any community venture; and
3. the proposition of the writer as to the causes of failure of Calder Home Upkeep and Maintenance Service (CHUMS) project are that it lacked the two conditions listed above for survival and success of a venture.

Relevance to Community Development

Community Development is defined as:

> ...organized efforts of people to improve the conditions of community life and the capacity of the people for participation, self-direction, and integrated effort in community affairs. Community Development is accomplished by people. It seeks to work through self-help, voluntary participation, and cooperation of people in the community but usually with technical assistance from governmental or voluntary organizations.[16]

Community Development is seen as a human resource development vehicle ultimately directed at improving the quality of life of all members of society. In the past, Community Development has focused on social, cultural and educational projects leaving economic development to business people and the public sector. Community economic development breaks with that tradition, bringing economics to the focal point of Community Development. By so doing it does not diminish the role of cultural and social development, because community economic development (c.e.d.) programs are organized in the interest of the whole community. Accordingly, their goals and strategies relate to the whole community.

Community economic development programs take many forms. The oldest ones are the cooperatives. In this study the writer has focused on the role of the Community Development Corporation as a vehicle of c.e.d. In a community development corporation approach, the underlying premise is that an economic dimension is always present in community problems. Thus, the community group will always search for feasible business ventures that are viable and will improve the community beyond the creation of jobs. The objective of engaging in a business enterprise is social, though the method used has to be strictly commercial.

CDC, as a third sector organization, attempts to bridge the gap in the present system by responding to the social and the socially related economic needs of our society. Governments have overextended themselves and cannot respond, while the underlying principle of big business precludes it from becoming involved for social reasons. There is, therefore, an urgent need for a third sector. According to Hanratty, the third sector is based on an interdependent mixture of social, economic and cultural goals. It is neither private enterprise nor government sponsored, but includes elements of both.[17]

CDC attempts to develop a strong business division which is put to the service of the social goals. The Term "corporation" in CDC implies that there is an economic pay-off. However, as G.J. Mcleod has pointed out, the combination of corporation with community development, does not merely create economic development, but community-based economic development.[18]

Method and Organization of Thesis

The writer believes that because of the multidimensional and comprehensive nature of social programs, it is important to evaluate such programs by both qualitative and quantitative measures. Examples of qualitative measures could be: Why should society allow you to survive? Are the projects worthwhile? If yes, why? What is so special about the project? Where would you want the projects to be a year from now?

Qualitative measures will be substantiated by quantitative indicators such as the number of jobs created by the projects, or the level of enrollment of the daycare and after school projects.

Considerable emphasis will be placed on interviews and on-site observations to obtain case descriptions. The historical method of research will also be used. This will involve studying of past and present records of the three projects.

Chapter II of the study provides a review of SB and community business literature to determine what key factors are responsible for survival and success of businesses initiated by community groups. Through the review of literature, six factors emerged as crucial to the survival of community ventures. These six factors are defined in Chapter II, their importance to the viability of community organizations is discussed, and the criteria for judging their effectiveness are listed.

In Chapter III, the research procedure used for the study is described.

Chapter IV consists of a description and analysis of the data in terms of the criteria established in Chapter II. In this chapter, the projects of CAC are also evaluated with respect to the satisfaction they provide to the six parties-at-interest, mentioned in Chapter I. The object is to assess the findings of the research in terms of the criteria.

Chapter V consists of the summary and conclusions of the study.

Footnotes and bibliography are presented at the end of each chapter.

FOOTNOTES

1. S. Wismer and D. Pell, Community Profit - Community Based Economic Development in Canada (Toronto: Is Five Press, 1981), p.7.

2. R.M. Kelly, Community Control of Economic Development (New York: Praeger Publishers, 1977), p.2.

3. D. Steinhoff, Small Business Management Fundamentals (New York: McGraw Hill Book Co., 1974), p.7.

4. C.E. Tate, et al, Successful Small Business Management (Dallas, Texas: Business Publications, Inc., 1975), p.4.

5. A.T. Hollingsworth and H.H. Hand, A Guide to Small Business Management: Text and Cases (Philadelphia, Pa.: W.B. Saunders Co., 1979), p.12.

6. The exact location of Calder is shown on the map attached in the Appendix.

7. S. Secker and G. de Hoog, A Pathway to a Healthy Future (Edmonton: Paper presented at a conference on Community Economic Development, organized by Edmonton Social Planning Council, Nov. 1982).

8. Information was obtained in an interview with Gerri de Hoog in August, 1983.

9. Information obtained from telephone interview with Gerri de Hoog in October, 1983.

10. Mayer and Goldstein, The First Two Years: Small Firm Growth and Survival Problems (Washington, D.C.: Small Business Administration Publication, 1961), p.100. Small Business Administration Research Series No. 2.

11. H.B. Pickle, Personality and Success: An Evaluation of Personal Characteristics of Successful Small Business Managers (Washington, D.C.: Small Business Administration Publication, 1964), p.10. Small Business Research Series No. 4.

12. S.E. Perry, "Community Economic Development: An Introduction to an American Strategy" (Cambridge, Mass.: Institute for New Enterprise Development, 1982). Paper presented at Conference on Community Economic Development in Edmonton, Alberta, 1982.

13. H.B. Pickle, op.cit. p.3. The other two parties-at-interest, that is the suppliers and creditors, are not being used for this study.

14. In most community ventures, government is the primary funding source and, as such, imposes certain regulations. The two childcare projects of Calder Action Committee are subsidized by the government, and the CHUMS project was funded by the Community Development Grant. The government is, therefore, an important party-at-interest as a funding source.

15. The writer wants to make a distinction here between "surviving" and "successful". For a venture to succeed, it must survive, but it is not necessary that a surviving business is also successful.

16. A. Dunham, The New Community Organization (New York: Thomas Y. Crewill Company, 1970), p.171.

17. J. Hanratty ed., New Dawn Enterprises. Technical Bulletin No. 7 (Sydney, Nova Scotia: College of Cape Breton, 1979), pp. 131-135.

18. G.J. Mcleod, "Community Development Corporations - Theory and Practice", p.182. Paper presented at a Community Economic Development Conference (Edmonton: unpublished, 1982).

CHAPTER II

REVIEW OF LITERATURE

Success and Failure of Community Business

In this chapter, literature pertaining to the causes of success and failure of community ventures will be reviewed. However, due to insufficient literature on community business, the writer has had to draw heavily on small business (SB) literature. The literature on SB is replete with statistics of high failure rate. For example, 400,000 SB fail in the U.S.A. every year, and 80% of all businesses fail within the first five years of operation.[1]

The numerous studies of the causes of business failure reveal "poor management" as the most common contributor to business closures. As indicated in Tables I and II, Dunn and Bradstreet have identified the most frequent causes of business failure.

As indicated in Table I, the most recurring cause of business failure is incompetent management. Unbalanced experience (strength in some functional areas, but not others), lack of managerial experience and lack of experience in the line account for almost 90% of all business failures. Neglect, fraud and disaster are relatively infrequent reasons.

TABLE I

CAUSES OF BUSINESS FAILURE, 1969

Underlying Cause of Failure	Percentage of All Failures
Incompetence	45.6
Unbalanced experience	19.5
Lack of managerial experience	13.7
Lack of experience in the line	8.7
Neglect	2.8
Disaster	1.4
Fraud	1.2
Reason Unknown	7.1
Total	100.00

Dunn and Bradstreet, "The Failure Record Through 1969"[2]

Table II illustrates operating difficulties that arise most frequently due to mismanagement. The first two reasons indicate a lack of marketing ability. The next three causes suggest a lack of controls within the organization, and the latter two could be attributed to insufficient capital within the firm.

TABLE II

OPERATING PROBLEMS RESULTING FROM POOR MANAGEMENT

Causes of Failure	Percentage of Failures Due to Mismanagement
Inadequate sales	42.2
Competitive weakness	22.9
Heavy operating expenses	12.1
Receivables difficulties	10.1
Inventory difficulties	4.5
Excessive fixed assets	3.9
Poor location	2.8
Other	1.5
Total	100.00

Dunn and Bradstreet, "The Failure Record Through 1969"[3]

W. Strang thinks that it is unfair of Dunn and Bradstreet to attribute all operating difficulties to mismanagement. He contends that there are certain unforeseeable situations that could arise to crush a business. He states that it is possible to understand how a good manager, denied adequate capital resources, might choose to attempt his venture, in spite of the high risk artificially created by lack of capital.[4]

However, other sources confirm judgement that poor management is a principal cause of business failure. For example, F.L. Tucker states,

> In various studies and surveys for the purpose of determining the causes of failure of small firms, the principal problems seem to be deficiencies in capital and management. In my opinion, if a company had good management, it is not likely to have financial problems...I suspect that the most usual causes of chronic shortages are poor planning, recklessness, and a desire to maintain maximum equity control. This reasoning brings the spotlight to rest on management as the critical variable in small business success.[5]

W.L. White concurs with Tucker. He gives the following reasons for lack of growth in small firms:

1. lack of experience;
2. lack of a customer point of view;
3. a hesitation to hire others;
4. unwillingness to delegate authority with responsibility;
5. fear of strange and new; and
6. fear of growth.[6]

P.J. Fitzpatrick, in his study, recognized several external factors that are responsible for business failures and are beyond the control of business executives. For example, he points out that, during the depression of the 1930's, the external factors were more powerful than the internal factors.[7] W. Strang states that the internal factors that Fitzpatrick referred to over thirty years ago are still applicable to causes of business failure today.[8] According to P.J. Fitzpatrick, management was mostly responsible for internal conditions.[9]

Businesses close for multiple reasons, yet the predominant belief is that the owner/manager's ability to solve or avoid problems is the key to success. W. Strang's survey concluded that it was the manager's motivation and abilities that were the key to minority business success or failure.[10] This survey revealed that the most frequent cause of failure was lack of managerial ability, business education and experience. His findings were consistent with those of Dunn and Bradstreet.[11]

H.B. Pickle states that, since personality characteristics determine a business manager's success or failure, identification of these characteristics is of value as a predictor of success or failure. He selected certain "characteristics" instead of "traits". "Characteristic" is defined by Pickle as the composite of traits. For example, human relations ability, according to Pickle, is the composite of ascendancy, emotional stability, sociability, cautiousness, personal relations, consideration, cheerfulness, cooperation, and tactfulness. Characteristics, according to Pickle, are the sum total of interaction of various traits.

He selected five characteristics and studied the effect that they had on the success of managers. These five characteristics were:

1. drive;
2. thinking ability;
3. communications ability;
4. human relations ability; and
5. technical know-how.

His study revealed that the five characteristics had a high correlation to success. Communications ability had the highest correlation to success, scoring .615. Under this characteristic, written communication ability scored the highest at .634, verbal comprehension scored .401, and oral communications ability scored .309. Human relations ability was the second most important characteristic with a score of .532. Technical know-how scored .522, and drive and thinking ability scored .467 and .464 respectively. The results of H.B. Pickle's study indicate that 45 1/2% of the difference in success rates of the ninety-seven small business managers surveyed resulted from differences in the extent to which they possessed the five characteristics.[12]

K.B. Mayer's and Goldstein's report on a detailed observation of eighty-one small firms over a two year period revealed that management experience appears to play a greater role than occupational experience in success. They assert that formal education, although valuable in itself, seldom provides any direct training for a business career.[13]

Their findings revealed that experience as an employee in a given line of business does not ensure success as a business owner in the same line. Of fifty-five owners who had never previously owned a business, twenty-six had worked as an employee in the same line. These included, for example, cooks and waitresses who later opened restaurants, and mechanics and gas station attendants who became gas station owners. Yet, seventeen of these twenty-six owners were out of business by the end of the study. Twenty-nine others who had no working experience in the same line had a better survival rate. This finding does not mean that not having worked in a line is a positive factor inducing success, but it does point to the fact that skills developed in an occupation are insufficient preparation for the successful conduct of a business enterprise.

Mayer and Goldstein stress that what is important is previous experience as a business owner in general, and in the same line in particular.[14]

During their two year period of observation, the eighty-one firms in the sample differed widely in their development. The basic distinction was between the forty firms that closed and forty-one businesses that survived the full two year period. Among those that failed, thirty-two firms failed due to financial reasons and eight due to non-finalcial reasons.

Mayer and Goldstein classified the surviving firms into four "types":

1. marginal survivors - these were part-time operations providing their owners with less than a minimum living;
2. limited successes - these firms covered a wide range financially. Almost all of them had already reached a stable level of operations and gave little prospect of future growth. They were able to yield their owners an adequate livelihood;

3. potentially profitable - these firms showed a pattern of growth which, by the end of the two year period, provided the owners with not only an adequate living, but in addition gave indication that the growth might continue to a point where these firms would yield a profit. All the owners in this category had imagination, drive and determination. The authors found that the growth pattern of these firms was not always smooth - they faced difficulties which at times made their future doubtful, but, because of the owners' know-how and determination, they pulled through; and

4. profitable enterprises - these firms yielded net profits beyond their owners' salaries. These firms represented genuine successes in the sample; that is, they were successes both in the eyes of the owners and objectively as viewed by financial returns.[15]

Mayer and Goldstein, in their analysis of the closures and survivors, state that,

> ...any causal analysis must take into consideration the interplay, not only of easily identifiable and measurable factors such as capitalization, location, social and demographic characteristics, but must also consider intangible but sometimes decisive factors such as persistence, responsibility, optimism, versatility and other personality traits.[16]

The following reasons are given by Mayer and Goldstein as causes of failure of forty firms:

1. faulty location;
2. disregard of competition;
3. inadequate capital resources;
4. overindebtedness;
5. inept merchandising;
6. careless credit policies; and
7. organizational errors.[17]

According to the authors, all of the factors represent errors in specific managerial decisions. Underlying such misjudgements in many instances, and compounding them in others, were more general deficiencies of the owner. These deficiencies took several forms: Some owners lacked the basic technical know-how to operate the particular type of business or any business at all. Others possessed the requisite technical knowledge but lacked the ability to sell their personalities and thus could not attract customers. Some owners exhibited definite personality defects like irresponsibility or alcoholism to such an extent that successful operation of business became impossible.

The authors concluded that stamina and determination to ride out difficulties were crucial factors in business survival. In certain cases of survival, persistence alone did not explain ultimate success. It is necessary not only to have endurance, "but also - initiative and imagination in making changes and adjustments during the initial period of operation."[18]

L.L. Allen, in his article, points out a few key points of self-selection or self-elimination for top management of a small firm. His main point is to select only experienced people to start an enterprise. He warns against choosing yourself as a candidate to run your own business, if you do not know that business extremely well. Infusion of money, he says, will not cure a problem of poor selection.[19]

J.C. Worthy, in his article "Who Fails and Why", stresses that the ultimate cause of failure, which is exceedingly common, is management neglect in applying the basic business disciplines of planning, budgeting, controlling and replanning.[20]

K. Lawyer discovered, in his study of one hundred and ten successful small metal working plants in Ohio, that management skills and personality traits of the chief executives of small plants were more important than the sophistication of operating methods employed. Lawyer, like Allen, stressed the importance of self-selection of management. According to Lawyer, careful selection of manpower is also very important. Sooner or later many duties are necessarily assigned to some degree. Lawyer emphasized that the life of business depended upon the calibre of persons to whom responsibilities of growth were now assigned.[21]

Dunn and Bradstreed identified poor marketing as one of the causes of business failure. In Table II, presented in the previous section of this chapter, they indicate inadequate sales and competitive weakness as the cause of 64% of failures, which they attribute to mismanagement.[22]

Mayer and Goldstein, in their study of eighty-one small firms, state a combination of reasons responsible for the closure of forty firms by the end of the two year study. Faulty location and disregard of competition are listed among the causes of failure. The authors discovered that choice of location was frequently based on such factors as:

1. vacancy of premises;
2. nearness to home;
3. familiarity with neighbourhood; and
4. availability of business for sale.[23]

The owners did not make any objective evaluation of the location's potential as a business site. Failing to do so, they overlooked the fact that the area was declining - losing its population or being bypassed because of new highway construction. They did not investigate whether the location was suited to the types of goods and services being offered. In some instances the business was too specialized, and in other cases the same goods and services were adequately being supplied by other companies.

Mayer and Goldstein further emphasize that disregard of competition need not necessarily be fatal. It did, however, play a major role in certain cases of failures and was a contributing factor in other instances. In the cases where competition was significantly responsible for closure of firms, it was always caused by competitors already in existence. The owners were either completely unaware of this threat or blithely assumed it would not affect them.[24]

W.H. Brannen emphasized that the people who make up a business are of special interest to customers of that business. Absence of hierarchy and bureaucracy in small business places a special significance on the people element. W.H. Brennen believed that "People" must join the traditional four P's of the marketing mix - Production, Price, Promotion and Place - to form the five P's of SB marketing.

> Our SB marketing strategy will involve the right people marketing the right products at the right place and price, by using the right promotion.[25]

Brennen emphasized that lack of a people strategy is an unnecessary self-imposed disadvantage for some SB marketers.

A basic strategy for marketing is very important, because the market is not homogeneous. It is essential for an effective marketing program to identify the natural segments and then match their advertising campaigns to the selected segments. A Basic Strategy, such as presented by Hise et al and Gardner, must focus on:

1. market segments - segments are identified by:
    - demographic and geographic factors,
    - benefit factors - the use that the customers see in the product or service, for example is it aesthetic quality, energy efficiency, high quality child care,
    - psychographic or different lifestyle factors - the lifestyle of customers, is it conservative, swingy or stylish;
2. positioning - how the business can be better than the competitors. This also relates to the principle of market dominance - the company must identify market segments and strive to gain dominance. For example, a daycare could strive to provide the best quality daycare with qualified and experienced staff;
3. evaluate segments for potential;
4. focus efforts on well-defined segments; and
5. the need to be unique. Uniqueness could be achieved through the kind of image presented (which some authors contend is most important), type of product, type of service, or type of customers served.[26]

Advertising, according to Professor Gardner, could be the critical difference between success or failure. It promotes consumer awareness of products and services of the company; it makes the salesman's job easier; and it establishes or modifies image. It is also an internal morale booster. It creates a sharp edge over those who do not advertise. Gardner warns, however, that advertising seldom produces direct sales; only fifty percent of advertising works. He feels that it is this fifty percent which makes the critical difference between survival and failure.[26]

An effective marketing strategy must emphasize, in planning its advertising campaign:

- selective exposure - using the right medium or program;
- selective attention - having interest or meaning for customer;
- selective comprehension;
- selective retention - remembering information which is useful.

According to Professor D.M. Gardner, every business, be it profit-making or a non-profit organization like a church or a non-profit daycare, needs customers to survive and grow. Marketing means understanding your customer's needs and desires.[27]

It is only when customers believe that their needs will be satisfied that transactions occur, and only when transactions occur can a firm make a profit. According to Byer and Teckert, it may seem obvious that sales transactions produce the firms' profits, yet many of the firms fail to know enough about the costs of many of their marketing processes to know whether profits will be generated.

> Price is based, not only on costs, but on the basis of the dynamics of demand and competitor's price.[28]

Professor Gardner states that marketing is not a necessary evil, but it is just as important as products and services. It is vital for people interested in SB and community ventures to be sensitive to the idea that marketing is the creative force that matches their products and services with their customers' needs.[29]

The writer concurs with Brannen and believes that, for a community venture to succeed, it must have a marketing strategy that emphasizes the five P's. (The Basic marketing strategy must state what percentage of the total market it should concentrate its energies on, with what product or services and with what combination of price, promotion and place.)[30]

The importance of a Marketing Plan is emphasized by many authors. In a survey done by The Conference Board, many executives saw a Marketing Plan as the very symbol and essence of purposeful marketing management. They regarded a formally prepared written Marketing Plan as the means of linking the marketing function with the principle of management by objectives. However, D. Hopkins reports that many small-sized companies preferred to keep their Marketing Plans informal and unwritten. He found that there was a growing tendency among some companies to bypass Marketing Plans for a Business Plan or a Strategic Plan.[31]

According to Byers and Teckert, marketing research is a process used throughout the marketing operation. Such an operation begins and ends with the customer.[32]

Marketing Research is used in several areas of the marketing process. Some of these areas are outlined by Byers and Teckert as follows:

1. to determine the characteristics of a market;
2. to determine the demand in a market for a product;
3. to evaluate the environmental factors around the market; and
4. to determine the reaction to components of the marketing mix by the market.

Marketing Research information can be developed through two sources. These sources, as illustrated by Byers and Teckert, are:

1. internal: analyzing sales records, analyzing cost records, and studying financial records;
2. external: searching secondary data, purchasing commercial data, aand conducting research studies by firm.

Once the initial marketing research has been conducted, then the sudden awareness of a problem activates marketing research or the search for solutions to the problem. Byers and Teckert stress the distinction between a "problem" and a "symptom". They illustrate their point with an example of a situation where sales are falling. In this situation, whatever is causing the sales to fall is the problem, and the fact that sales are declining is a symptom. The problem could be due to a declining economy, a change in consumer tastes, entry of strong new competitor, overpricing, bad advertising, or ineffectual sales representatives. The job of marketing research is to discover what the problem is.[34]

Importance of accounting for the survival of SB and community ventures is demonstrated by many case studies. Dunn and Bradstreet studies indicate that 26.7% of business failures were due to lack of proper internal controls (refer to Table II). Heavy operating expenses caused 12.1% failures, receivables difficulties caused 10.1% businesses to close, and inventory difficulty was responsible for 4.5% of business closures.[35]

R.A. Leitch et al, in their study of one hundred and twenty SB, discovered that often the reason for high failure rate in SB was the absence of effective internal controls. They discovered that management of most companies did not use financial information in their decision-making processes. This information was elicited by a higher number of negative responses to questions relating to budget planning and interim reporting in the study questionnaire. The study further reveals that overall internal controls were strong in companies using double-entry manual systems.[36] The findings also revealed that participation by the owner increased the effectiveness of an internal control system. On the whole, this study pointed out that the general areas that present problems for SB are budgeting, planning and cash control procedures.[37]

G. Fox, president of Bar Geo Financial Associates and a specialist in the area of business turnarounds, has developed seven early warning signs to alert businessmen to critical areas they should monitor to assure their businesses' healthy operation. The seven areas to watch are:

1. cash management;
2. accounts receivable;
3. inventory;
4. accounts payable;
5. debt structure;
6. profit and loss; and
7. personnel.[38]

According to G. Fox, management must ask itself the following questions related to the above seven areas: (1) Where are the company funds at all times? (2) Has a sale been made to a known credit risk, just for the sake of a sale? (3) Is there excess inventory or too little capital? (4) Who _must_ be paid to keep the business running? (5) What is the current loan status? (6) Are there adequate financial controls? (7) Are the employees competent, and do they have the opportunity to exercise initiative and ability?

All these areas must be examined carefully, advises G. Fox, so proper control of business can be maintained.

B. Murphy, in his investigation of financial control techniques utilized by firms, discovered that, due to a lack of sound data base, a number of firms were unable to make use of the budget as a control device, because it was impossible to assess costs accurately and to compare them with budgets. He emphasizes the distinction between budgeting and budgetary control. In a number of cases where consultants had instituted a system, it only worked for a short time because of the lack of basic understanding by the personnel responsible for its operation, or because of changes in personnel.[39]

Financial statements serve many purposes. According to Gross et al, they have a direct effect on the success of a business. Creditors, banks and, in some cases, the customers, decide whether or not to do business with the firm on the basis of the financial statements, that is sell the firm products or services on credit, lend money or buy from the firm. Gross et al further state that a business cannot make its financial statements look good unless it is operating soundly. Perhaps the most important consideration that the authors emphasize is that management itself must understand the financial statements prepared by its accountant.[40]

H.N. Broom et al also stress the importance of record-keeping. They claim that good record-keeping is characteristic of most successful businesses, while inadequate records are typical of firms that fail.

> ...good records are essential for effective control of operating results. Furthermore, adequate records make it easier to detect employee frauds, waste, spoilage and other losses.[41]

In conclusion, it can be deduced, from the review of literature on accounting, that an adequate accounting system is crucial to the survival of a venture.

J.C. Worthy, in his article "Who Fails and Why", examined some cases of business failure and discovered certain underlying reasons for their closures. One of the reasons that he outlines is a shortage of capital. However, he points out that it is seldom the sole reason for failure, but it is often a strong contributing factor. A practical estimate of capital requirements for several years ahead, according to Worthy, is absolutely essential to growth of a new enterprise.[42]

Broom et al emphasize the importance of satisfactory working capital position. A business achieves this position by having a working capital both adequate in amount and liquid in nature. An "adequate" working capital, according to Broom et al, means sufficient money must always be available to pay all maturing obligations. This in turn means wages must be paid on time. A business cannot avail itself of discounts on purchases unless bills are paid within the cash discount period - which is usually ten days. Taxes must also be paid on time to avoid penalty. Adequate cash must also be available to pay for new fixed assets and to launch advertising programs. There must also be enough cash on hand to meet the various contingencies that arise from time to time in every business.[43]

Adequacy of working capital could be tested by a number of methods, for example by comparing ratios with corresponding industrial standard ratios. Working capital liquidity is defined by Broom et al as the proportion of working capital made up of cash and all other assets quickly convertible into cash. Acid-test checks liquidity as well as adequacy of working capital - obtained by dividing the liquid current assets (total current assets less inventories) by the total current liabilities. This is a rigorous test due to exclusion of inventories. Another method is the current ratio method - computed by dividing current assets by current liabilities. The bankers' rule for this ratio is at least two to one, according to Broom et al, for working capital to be judged adequate.[44]

The cash-flow cycle of a firm reflects the overall effort of its management. T.W. Johnson states that, in many instances, it is merely self-delusion to attribute lack of success in business ventures to the shortage of money or inability to obtain equity capital. In these cases where owners are suffering, they are not making profits because they are "poor operators and poor financial administrators". Under these circumstances, they cannot attract capital. He further states that,

> What they really need is not more capital, but rather increased knowledge and experience in how to run a business soundly. They need to pay more attention to organization and the elements which make an organization successful. Lack of money, under these conditions, is a symptom rather than the real cause. More money is not the solution, but will merely alleviate the real problem temporarily, and may cause the owner to compound his mistakes, to deceive himself and delay correction until it is too late.[45]

T. Johnson lists three "cornerstones" of a business:

1. organization or management;
2. plant and equipment; and
3. capital.

All three are vital for the survival of any venture. He feels that, in most cases, adequate attention is placed on the plant and its equipment requirement, and mediocre attention is given to management. However, because financial management is a field in which most new business operators have little or no training, considerations of capital planning for the company are usually neglected. According to him,

> Too much dependence, in many instances, is placed on the tolerance of creditors to go along on very liberal terms or even continuous delinquencies in payment of bills. The risk thus taken by ownership is many times too great.[46]

Broom et al emphasize the importance of a sound financial structure. This includes not only a large enough total capital, and a satisfactory relationship between debt and equity capital, but also a proper balance among the various classes of assets owned. The authors stress that profit-making and a strong working capital position contribute to a sound financial structure.[47]

Relative proportion of current to fixed assets is also important. Some companies have been started only to find that all the equity funds were spent for necessary fixed assets, thus leaving an inadequate amount for working capital. The proper amount of investment, according to Broom et al, depends upon the line of business. However, it is helpful, in making comparisons, to refer to standard ratios of firms similar to the one whose financial structure is being analyzed.

Another critical aspect of financial structure that Broom et al allude to is the relationship between borrowed funds and invested capital. If debt is unreasonably large when compared with equity funds, the company is courting danger. According to a conservative rule of thumb, two-thirds of total capital should be owner supplied.

Mayer et. al, in their study of eighty-one firms, discovered that inadequate capital was one of the contributing factors causing failure among forty firms. The study illustrates that most owners of failing firms made two or three of the following errors relating to inadequate capital:

1. undercapitalization - some owners initiated their business without sufficient money to provide an initial stock in trade. The amount of capital required, according to the authors, varies greatly with the type of business. Their data suggests that there is a rock bottom minimum, below which any firm can hardly be expected to survive. Comparisons of initial capital investments of closed and surviving firms revealed that six out of eight firms with less than five hundred dollars initial investment failed. The two firms that survived were marginal, part-time operations;

2. insufficient working reserve - some owners had sufficient initial investment, but spent all of the liquid money at the opening and left themselves no reserves to carry them over the time required to build up sales sufficiently to carry on the business;

3. over-reliance on borrowed capital - other firms relied too heavily on borrowed capital and found that their firm could not bear the burden of debt.[48]

The authors emphasize that often it is incorrectly assumed that SB faces the biggest problem of not being able to obtain bank credit. Their study proves that only a small percentage of owners who applied for loans from banks were refused. The major difficulty that the firms faced was not in obtaining loans, but in the fact that they were granted short-term loans. The owners who relied on this form of debt capital found they had to make payments of interest and capital at a time when their business could least afford the burden.

According to Mayer et al, this problem could be observed from two points of view. One point of view is that small firms with very little investment have no reason for existence, and must therefore be discouraged. The other aspect is that since persons opening such firms will try anyhow, and many will at least make a living if they have some capital at their disposal, they should be helped through long-term loans.[49]

Importance of goal clarity for the survival of firms is stressed by many authors. For example, Mayer et al, in their motivational analysis of business ownership (that is, why the owners had entered the business world), discovered that often the owners did not consciously know why they went into business. They had no goals in mind, having little if any appreciation of the business world in general.[50]

According to J. Stapleton, it is imperative to establish certain goals in order to establish the direction in which business must be conducted. He stresses the importance of profit-making as a primary objective of any business venture.

> Although many companies are well known for pursuing other objectives, either of a political or social nature, such objectives will be pursued only while they continue to cause an increase in profitability. They are, therefore, secondary objectives and no more than a means to an end, although the means may well be considered laudable in their own right.[51]

The literature reviewed up to this point dealt specifically with SB. Now the writer will review literature dealing with community ventures or ventures initiated by Community Development Corporations (CDC's).

In July 1968, a Community Development Corporation, Bedford-Stuyvesant Restoration Corporation, initiated an economic development program in a community mostly populated by blacks in New York City. It was designed to encourage local residents to initiate business ventures. After two years, the program had provided financial and management assistance to thirty-two minority enterprises. In this program, J.E. Oxendine and A.N. Puryear examined the thirty-two enterprises assisted by the CDC in order to determine the ingredients necessary for a successful small business operation. They selected twelve cases for an intensive study, which suggested many factors influence the ultimate success or failure of a new business. The authors isolated five key factors as the primary determinants of successful business development. These were:

1. the technical competence or experience of the entrepreneur;
2. the capitalization of the business;
3. the amount of risk incurred by each entrepreneur;
4. the motivation of the entrepreneur; and
5. the ability and willingness of the entrepreneur to accept management assistance.[32]

Their analysis showed that, while technical experience is useful, it did not ensure success. This point is especially relevant when the experience is not related directly to the management aspects of business. They also conclude that adequate capital investment is a necessary ingredient for business success. Their study found that the widely accepted view - investment capital must be accompanied by a reasonable degree of risk - is not always true. According to the authors, risk does not guarantee that the entrepreneur will conduct himself toward the business goal of increased profits. Finally, Oxendine et al emphasize that two other ingredients must be present if the CDC is to promote successful economic development programs. First, the entrepreneur must have a high degree of profit motivation. That is, he must see profits and not "going into business" as his primary goal. Second, good management is important. However, they state that since most businessmen assisted by CDC's do not have management backgrounds and training, they must be exposed to a good program of management assistance. Their study revealed that the profit motivated entrepreneur availed himself of such management assistance.

C.E. Block points out that most CDC business practices have not resembled the market-oriented practices of the modern business firm, which emphasizes such activities as marketing research, promotion and dealer-customer relations as central, rather than peripheral, aspects of their management. He stresses that, to be competitive in at least some of the markets that appear promising for CDC cultivation, a fundamental change is required. The CDC must broaden its perspectives so that substantial management attention is devoted to such activities as marketing research and promotion.[53]

The CDC's have, through necessity, probably placed more importance on financing their infant operations. However, C. Block states that CDC's must become market-oriented if they want to recognize any great impact on the economic conditions in the low income area. Without an aggressive marketing program, the community-based enterprise is likely to lose out to established business, because these companies are familiar to local residents and are likely to continue to be forceful in attempting to maintain their market position.

J.C. Weistart states that the major problems facing community-based economic ventures are:

> ...the formulation, adoption and achievement of goals and objectives...The goals of most CDC's are highly complex and, in most cases, they make the attainment of this fundamental objective of long-range economic viability difficult, if not impossible.[54]

There must be compatability between CDC's political, social and cultural goals, and its economic goals.

G.J. Macleod states that, since the CDC is motivated by concern for the total good of the community, it will not limit its efforts to the economic development. The economic objective is instrumental in achieving other goals.[55]

J.C. Weistart found that the most serious flaw in the concept of CDC is the danger of confused objectives. According to him, the primary objective should be to establish self-sufficiency and viable enterprises which are able to attract necessary financial, technical and managerial resources. He further emphasized that shareholders and managers must realize that, if resources are to be attracted and utilized effectively, the objectives of local control and democratic rule by the area residents must be subordinated.[56]

G.J. Macleod and S. Perry emphasized the importance of profit-making for a community venture.[57] According to Macleod, a good CDC must attempt to make profits, but in a special way. He warns against providing all services at cost, without attempting to generate revenue - this will lead to no capital accumulation and the business would always be weak. He believes in the principle of profit organization as opposed to profit maximization.

> Community projects must reject the do-gooder idea that it is wrong to make profits.[58]

Thus, a CDC involved in a business venture must be very clear and precise about its goals. One of the goals should be to generate profits - dollar return on investment and more.

According to J.C. Weistart, government involvement and commitment is crucial to the survival of community ventures. Since community ventures are defined as a third sector in economic development, they need not only encouragement, but also assistance from government in order to survive. This assistance could be in the form of grants, personnel help, and guidance in the field of venture on which the community is embarking.[59]

S. Perry, in a conference on Community Economic Development, criticized CDC's for being short-sighted in their goals and relying heavily on government grants. He advised them to broaden their horizons and explore all the ingenious ways that the private sector uses to raise capital. Community development groups should begin long-term projects which generate income, thereby eliminating dependence on government grants and associated interference from civil servants.[60]

The importance of government commitment to community ventures cannot be sufficiently emphasized. Many projects initiated by communities failed due to withdrawal of grants at critical periods of business development.[61]

Discussion of the Six Factors

Businesses fail for many reasons, but there are certain basic causes of failure that appear and reappear. The author, after reviewing literature on SB and community ventures, believes that there are certain ingredients crucial to the survival and success of any organization.

These six ingredients or factors are:

1. management;
2. marketing;
3. accounting;
4. capital;
5. goal clarity; and
6. government involvement/commitment.

However, the author hastens to point out that, as Mayer et al warn us,

> Survival of any given firm cannot be usually attributed to a single factor, but instead is the result of a combination of factors. Not all of the factors are present in every case, but examination of our case materials suggests that, the more factors present, the greater the chance for survival and the better the likelihood of definite success.[62]

The writer's intention is to capsulize a minimum level of operation - to isolate minimum ingredients essential for the survival of community ventures, and not present a text book of what an ideal system would be. A definition of the six factors will be presented, their importance for the viability of the organization will be discussed, and the criteria by which their effectiveness can be judged will be presented.

1. Management

Definitions of management are as numerous as writers of managerial treatises. R. Bruce defines management as the function of a person with certain responsibilities as an "Entrepreneur: chief executive. Person responsible for corporate strategy who, through the corporation, exerts an influence on economic development".[63] Davis, in The Fundamentals of Top Management, defines management as a set of functions:

> Management is the function of executive leadership. Its organic subfunctions are the creative planning, organizing, and controlling of the organizational activities for which the executive is responsible. They have to do with the accomplishment of the group and project objectives of the organization.[64]

Thus, the role of management, for the purposes of this study, is defined as the functions of people in planning, controlling and evaluating the growth and development of the organization, geared at achieving group and project objectives and goals.

Criteria by Which Effectiveness of Management Can be Judged

After reviewing the literature, it is evident that the emphasis of authors is different. As with any field of human endeavour, there are a variety of ways to succeed and to fail, but it is obvious that there are certain areas that are important and must be kept in mind by those involved in community ventures.

The most important criterion for effective management processes is the management personnel themselves. The writer believes that management must be responsive and flexible to the customers' needs. It is important for management to possess certain characteristics that H.B. Pickle has mentioned in his study. The most outstanding characteristic is the communication ability, which includes written communication, verbal comprehension and oral communication. The other characteristics are human relations ability, technical know-how, drive and thinking ability.[65]

It cannot be emphasized enough that these qualities or characteristics are crucial determinants for the survival and success of a venture. They are responsible for the differences between marginal survivors and successful business people.

Apart from these characteristics, there are certain processes that can enhance management. These include planning, budgeting, controlling and replanning. They form the basis of a Business Plan. Hollingworth et al define a Business Plan as an important management tool, a focal point for organizing the whole management effort.[66]

Planners in the world of business view planning as one of the fundamental tasks of management, along with leading, organizing and controlling. The generic word "Plan" has this collective dictionary definition:

- an orderly arrangement of parts, an overall design or objective;
- a method for achieving an end;
- a detailed form of a program of action;
- planning is the design of a desired future and of effective ways of bring it about; or

- planning is, to a large extent, the job of making things happen that would not otherwise occur.

A Business Plan has two basic but important components:

1. a general outline of the firm, providing a history of the business, including its marketing aspects; and

2. a detailed financial information section.

In formulating a Business Plan, the following steps could be utilized:

1. assessing the interest in starting a business and readiness for ownership;

2. listing a detailed evaluation of goals, objectives and capabilities of the firm's ownership and management. J. Worthy states that these goals must be stated in quantitative terms and in practical details so that they can be used as a measure of progress and not [illegible]ringing cliches often heard as "the aim of this corporation is to earn maximum possible profit", or "objective of this firm for 1964 is to increase its sales volume";[67]

3. clear, concise operational plans must be developed which are focused at achieving the stated goals and objectives. Planning at this stage involves economic and market forecasting and proceeds with the development of specific plans for individual departments to a complete corporate plan for a stated period. Such planning starts with defining and evaluating a business idea - identifying the potential market for its product or service, determining its size, estimating the amount of money needed to start the business, and deciding where and how to obtain it;

4. the next step is conversion of plans to budgets and Marketing Plan. In addition to these projections, it is important to have cash flow forecasts. According to Worthy, the cycle of budgeting and planning will have to be repeated many times before a workable and acceptable result is achieved.[68] The Marketing Plan, according to McCaslin and McNamara, must identify the business' role in the distribution network and its location needs, establishing its pricing policy, considering what customer services its business might offer, and planning its advertising, publicity and promotional activities.[69] These plans form the basis of a central system;

5. the succeeding step requires management to be able to read

and understand financial statements. By reading financial statements and comparing them with plans that were set up at the beginning of a planning period, management can analyse deviations from the plan and determine causes for them, so that future plans (and future budgets) may be appropriately adjusted;

6. researching the business' legal and tax obligations, evaluating its insurance needs, and choosing its record-keeping system;

7. developing a purchasing and inventory plan, and a record-keeping system;

8. deciding on the firm's organization and personnel needs, and considering the role that human relations plays in creating the business' image;

9. management should have a long-range plan. The forecast should ideally be for three years. If possible, there should be contingency plans with a set of alternatives;

10. develop an effective control system. Management must have some kind of mechanism to keep a close check on the performance of its personnel and their functions; and

11. management must decide on the kinds of communication that it intends to use with its staff - downward, upward or lateral.

By developing a Business Plan, and looking ahead to the venture's future planning and controlling needs, management will be better able to defend itself against failure.

2. Marketing

Marketing is defined as:

> Determination of the needs and desires of the market so that goods and services can be provided that satisfy these needs and desires.[70]

P. Drucker, in The Practice of Management, recognized the pervasive importance of marketing in business. According to him,

> Marketing is not only much broader than selling, it is a whole business seen from the point of view of its final result, that is from the customer's point of view. Concern and responsibility for marketing must therefore permeate all areas of the enterprise.[71]

L. Byers and H.E. Teckert define marketing as:

> A total system of interacting business activities that directs the flow of goods and services from the producer to the consumer or user to satisfy the needs and wants of the user and to achieve the objectives of the organization.[72]

The above definitions all stress the customer orientation of marketing. According to Byers and Teckert, the very design of products should be part of marketing consideration, along with concern for post-sale customer satisfaction. Only when customers think that their needs will be satisfied will transactions occur, and it is only when transactions occur that the company will make profits.

The system of business activities is called marketing. Behind the system is a philosophy that is identified as the "marketing concept". Byers and Teckert define marketing concept as:

> ...a way of thinking. It states that the profitable satisfaction of consumer wants and needs determines the nature of the business of the firm and the way that business will be conducted.[73]

Marketing concept is no longer confined to marketing management only.[74] According to John Stapleton, marketing is too important to company prosperity to be left to marketing management alone. It must be the basic philosophy of every member of the firm, where customers are the independent variable; the trading assets of a company, and products, production, equipment, management and labour are the dependent variables.[75]

Byers and Teckert emphasize that the marketing concept must permeate all departments of a company. The marketing concept does not ignore the objectives of a firm - concern for profit is included in its philosophy. Focus is on satisfying the needs of a customer in order to make a profit.[76]

R.T. Hise et al state that a marketing philosophy must emphasize: (1) customer needs and desires; (2) goal achievement; (3) societal requirements; and (4) a systems approach.

1. In order to ensure that companies are committed to satisfying customer needs and desires, R.T. Hise et al state that the following three steps must be followed:
   (i) the company must determine customer needs and desires before developing goods and services for these customers;
   (ii) these needs and desires must be incorporated into the products and services developed for these customers; and
   (iii) the company must make certain that these goods and services are indeed satisfying customer needs and desires.
2. Goal achievement is an integral part of a marketing concept. For example, a marketing program for a daycare may be geared towards increasing its enrollment. The major goal, however, of most businesses is profit. According to Hise et al, without adequate profits, the firm's very existence will be in jeopardy.
3. Customer needs and desires are focal points of a company's operation, but the broader needs of society must also be recognised. Some major concerns listed by Hise et al are quality of air and water, providing safe and properly functioning products, as well as quality of life itself.
4. A systems approach has two important dimensions:
   (i) marketing decisions are made within a systems context. That is, no decision of a marketing nature can be made without first noting its effect on other marketing decisions and, in turn, their effect on it. For example, a decision to alter a product's price must also consider an alteration in the product's advertising.

(ii) the entire firm, according to Hise et al, must operate as smoothly as possible with one major objective - to provide customers with products and services that satisfy their wants and needs.

Criteria by Which Effectiveness of Marketing can be Judged

As emphasized in the section on the importance of management, planning is the key to business survival and success. It is a blueprint - a design for a desired future and of effective ways of making it materialize.

The five criteria for judging the effectiveness of marketing are supported by numerous authors. It is not essential that all community ventures possess all the criteria as in the form presented. However, review of literature on marketing has made it clear that community ventures should have some form of a plan - preferably a written one, be it a separate Marketing Plan or included in its broader Business Plan or Strategic Plan - that spells out clearly the goals and objectives of the firm and strategies for achieving them. Thought must also be given to marketing research.

Review of literature on marketing reveals that Marketing Plans come in all styles and flavours, so that no ideal "cookbook", let alone a single recipe for preparing marketing plans, can cover all individual company circumstances. According to D.S. Hopkins, a Marketing Plan typically sets out to answer the following three questions: Where are we now? Where do we want to go? How do we get there?[80]

The following are the five criteria:

1. In response to the first question related to customer needs and desires, it is necessary to prepare a situation analysis. This is

a review of the current market status and outlook for the product or service covered by the Marketing Plan. According to D. Hopkins, this review usually focuses on the company's product offering - for example, the trend in sales and profitability, promotional support, competitive position, market strengths and weaknesses, and problems and opportunities ahead. One company interviewed in the survey by The Conference Board states that, at this preliminary stage of planning, they believe in the test of relevance. That is, if facts and figures are truly relevant to determine the objectives and strategies for the product or service, they are recorded in the situation analysis and otherwise not. D. Hopkins states that this method helps to separate facts classed as "need to know" from facts that are "nice to know". These facts uncover a trend, a hidden problem, or an overlooked opportunity for the product. The view must be dynamic and forward looking. Certain managements of companies in the same survey stressed the importance of making the analysis section of a Marketing Plan diagnostic rather than descriptive. For example, one company, in its guideline for preparing an operational plan, stated:

> A collection of data or a recording of past performance is useless unless it is used to shape the future, to identify the major problems restricting the operations or growth of the department, or to outline opportunities that exist to improve efficiencies or market positions. Therefore, all data in this section should end in a conclusion, that is a problem or an opportunity.[81]

Planning starts with an analysis of the company's situation. It includes an analysis of:

(i) - the business - what is special about it?

- customer - in depth understanding of the customer, his background
- competitors - who are they?
- produce or service - what is special about them?
- trends - if trend is down, be dominant.

(ii) After the above review, the next stage involves a "WOTSUP" Analysis. This is a review of:

Strengths		Management
Weaknesses	of	Market
Threats		Product
Opportunities		Competition

(iii) The next step is to develop a customer profile. It is important, according to Professor Gardner, not to assume anything, but collect information on, for example:

- what kinds of people buy from the firm? Where do they live? How did they find the service?
- why do they buy the product or service?
- what are their problems?
- what is important to them? For example, is it economical pricing, status, technology or convenience of location?
- what about similar people who do not buy?
- what about potential customers - what are they like?

It is important to note here that each product has a life cycle. It goes from birth and growth to maturity and decline. The different stages of a product's life will directly influence the effectiveness of a marketing program. The situation analysis must determine the outlook for the product or service at that stage of its life cycle.

2. The next stage in preparing a Marketing Plan answers the second

question - Where do we want to go? This stage involves formulating goals and objectives for the marketing period planned. These goals must be stated clearly and precisely for they are the pivot around which the entire plan revolves. A number of managements require their planners to define the fundamental "mission" or "charter" of the product area or business unit covered by the Plan. The statement of mission answers the useful cliche question, "What business are we in?" Terminology with regard to goals and objectives differs in SB textbooks. Some authors, such as Stapleton, Hise et al and Hopkins, use goals to mean long-term aims that are a part of the strategic or business plan. Objectives are defined as short-term, attainable, realistic, comparable, measureable and quantifiable. In the survey by The Conference Board, certain companies reversed the order by setting "quantitative" goals for the following period as one step along the road to achieving "strategic objectives" contained in longer-term business plans.[82]

A further distinction is made between a forecast and an objective. A forecast is defined by D. Hopkins as a quantitative or qualitative estimate of what one expects may occur in the future. An objective, Hopkins clarifies, is a quantitative target or measure of opportunities one wants to occur in the future. "While it cannot be predicted with a high degree of accuracy, an (objective) is feasible, acceptable, and can be achieved through our own effort."[83]

For the purpose of the study, the author will use the following definitions of goals and objectives:

Goals: They are long-term, and defined in a statement of mission or contained within a long-range strategic plan. It is unlikely that they will be achieved within the time span covered by a single Marketing Plan. Goals must be realistic and attainable.

Objectives: Being short-term in comparison to goals, they must be an active and not passive statement about the future. They must be realistically attainable. To the extent possible, objectives must be stated in quantifiable terms of units, dollars and market share. They eventual result must be clear and measurable. They must be comparable for planning purposes.

3. By devising strategies and tactics for achieving the goals and objectives, management will be able to answer the third question - How do we get there?

Strategy is commonly used in two different ways within the context of a Marketing Plan. One refers to the principle strategic thrust that is to be followed. In the second usage, planners of the Marketing Plan speak in terms of strategies - in the plural - as a means of accomplishing the agreed upon objectives through tactical operations.

J. Stapleton defines strategy as:

> ...the art of preparing company's resources to ensure maximum sales penetration upon which company profitability is so dependent. It means understanding the buying habits, attitudes and characteristics of potential customers. It is capitalizing on the strengths and weaknesses of competitors.[84]

Tactics are defined by Stapleton as the methods employed in the day-to-day dealings with customers and prospective customers. Tactics are also called action programs in The Conference Board survey by D. Hopkins. They are the actual steps by which strategies will be implemented to achieve the established objectives. One company surveyed pointed out in its planning guidelines that:

> It is within this part of the plan, that the 'how to', the 'by whom', the 'by when', the 'with what help' and other pertinent requirements, including costs, become detailed as specifics.[85]

J. Stapleton states that often confusion between tactics and strategy arises because of interdependence of certain activities.[86]

4. Monitoring procedure: This is an important element in a Marketing Plan. A review of the company's progress of marketing and sales activity throughout the year provides management with the opportunity to spot "weak signals", as Hopkins puts it, and to redirect any parts of a planned action program that are off-target. By monitoring the plan, it is possible to modify the original objectives, strategies and tactics in the light of changing conditions.[87]

5. Contingency planning: The contingency section of a Marketing Plan is quite often sketched in outline only. According to Hopkins, "Details of an amended program remain to be worked out, as and when the need arises."[88]

Contingency planning is useful if specific events occur that require some kind of a blueprint for possible action - the absence of which might expose the company to substantial risk. Such an event could be a drastic change in the economic outlook, socio-political change, shift in demand for the type of production or service sold by the business.

D. Hopkins emphasizes that, while monitoring of performance calls for a rigid comparison between plan and accomplishment, a review of the whole plan and of the continued relevance of its program elements can be flexibly conducted.[89]

An important point to note, according to Hopkins, is that preparing a Marketing Plan is much more of a recirculating process than movement through linear progression. The best Marketing Plans are those with plentiful feedback loops in the whole marketing operation.[90]

3. Accounting

Gross et al define an accounting system as:

> ...a total process in which all business activities that generate revenues (bring in money) and incur costs (cost money) are recorded. These are summarized at given points in time to let management know where the business stands. That information is also needed to determine what taxes and other charges are due at fixed points in time.[91]

Gross et al state that, basically, there are two functions of an accountant. Firstly, the accountant must report the facts as they are, and, secondly, he/she must inform management of their meaning in terms of the organization's operation, potential, business balance, successes and profitability. "Accounting function calls for both accurate reporting and specific analysis."[93]

In the Basic Postulates of Accounting, M. Moonitz states that the functions of accounting are five fold:

1. to measure resources of entities;
2. reflect claims against them;
3. measure changes in both;

4. all with reference to periods and points of time; and
5. all expressed in terms of money.[93]

He further states that accounting has other functions besides preparation of financial statements. Among these are its contribution to the modern ideas of shared management.

C. Lund defines accounting as:

> The recording and reporting of transactions, especially a) the devising of internal controls and recording methods (system design), b) the keeping of transaction records (bookkeeping), c) the continuous testing of the operating effectiveness of controls and of the accuracy and propriety of records (internal auditing), d) the periodic reviewing by outsiders of transaction summaries (external auditing), e) the making known to others of the information revealed in and implications derived from such summaries (reporting).[94]

According to H.N. Broom et al, accounting records, at a minimum, must provide information on the following:

1. assets - real estate, equipment, inventory, receivables and cash;
2. liabilities - to banks, suppliers, employees and others (including income tax dues);
3. owner's equity in the firm; ;and
4. sales, expenses and profit for the accounting period.[95]

As pointed out by M. Moonitz and C. Lund, bookkeeping is only one aspect of accounting, but it is of crucial importance to the survival of a venture. In most businesses, cash flows in daily, basically through sales, and this cash is then either used to pay expenses or is deposited in a bank, and cheques are issued.

Bookkeeping should keep track of these transactions and provide an accurate record of accounts payable, accounts receivable, bank balance, sales and petty cash.[96]

A budget, as part of an accounting system, is defined by C. Lund as:

1. a financial plan serving as an estimate of and a control over future operations;
2. hence any estimate of future costs; and
3. any systematic plan for utilization of manpower, material or other resources.[97]

Criteria for Judging the Effectiveness of an Accounting System

The criteria listed under this section consist of the minimum ingredients crucial for survival of a community venture. Some of the important criteria for an effective accounting system are:

1. management must use a budget system for watching income and expenses;
2. there must be books of account - formal journals and ledgers, vouchers, invoices, correspondence, contracts and other sources or support for such records;
3. accounting records must be kept up to date and balanced monthly;
4. the double-entry method of bookkeeping is more advantageous than single-entry method;
5. several different journals must be maintained by the bookkeeper. Most common ones are:
    - Cash Receipts Journal
    - Cash Disbursements Journal
    - Sales Journal
    - Purchases Journal

    Each of these journals is broken into different accounts.

Some of the common ones are:

- Accounts Receivable
- Accounts Payable
- Sales
- Inventory

6. The method of recording transactions could be "cash-basis of accounting" or "accrual-basis". Cash basis of accounting is when financial statements are reported as cash is actually paid or received. In accrual-basis accounting, transactions are reported as income is earned or expenses are incurred, whether or not cash was actually transferred. Studies show that accrual basis of accounting is more advantageous to SB. However, Gross et al state that each method has its advantages for different businesses.

7. Financial statements must be prepared as an accounting of actual performancemade on a monthly basis. Management must be able to review these monthly statements. According to T. Johnson, the knowledge of how to read a balance sheet and profit and loss statement as one would read a road map would prove very helpful.[99] This information will point out unfavourable trends and help to prevent unsound business judgement and, very often, financial insolvency.

8. The actual financial statements must be compared periodically with projected fiancial statements.

9. Financial analysis must be used by management and records of these analyses must be kept. Break-even analysis, if applicable to business, must be included in the financial analysis.

4. Capital

Capital is defined by McCaslin et al as:

> Money or other tangible assets, invested in the enterprise by the owner(s), for use in conducting the business.[100]

There are two types of capital invested in any business - permanent or temporary. Permanent capital represents the ownership or invested money which does not have to be paid back, otherwise referred to as equity or venture capital. Equity capital is not borrowed and is used to start and operate the business.

Temporary capital represents the borrowed money which must be repaid. It is also called debt financing, and credit financing. This includes, to mention only a few, bank loans or other personal loans, accounts payable to the trade, and income and other taxes owed.

Fixed capital is the money invested in fixed assets - land, buildings, fixtures and equipment. Working capital is the money available to operate a business.

Criteria for Judging the Effectiveness of Capital

The criteria by which effectiveness of capital can be judged for a community venture are listed as follows:

(i) there must be a written capital requirement list. According to McCaslin and McNamara, a capital requirement is a list or schedule of expenses that must be met to establish a business;[101]

(ii) capital needs should be established by estimating sales volume for the first year, the initial start-up costs and monthly operating expenses;

(iii) capital requirements for the following year or years should be estimated; and

(iv) another important criterion for judging the effectiveness of capital is the planning given to the financial structure. A sound financial structure, as defined by Broom et al, requires a strong working capital position and profit-making as a goal of the company.[102] As explained earlier, a strong working capital position is defined as being both adequate in amount and liquid in nature. A business can determine its working capital position by examining the following questions:

- Are wages paid on time?
- Are cash discounts availed of?
- Are taxes paid on time?
- Is money available for new fixed assets?

- Is some money set aside for advertising and sales promotion, campaigns?
- Is cash easily available to meet various contingencies that might arise from time to time?
- What is the ratio of current assets to current liabilities?
- Can the company quickly convert its assets into cash?
- Is profit regarded as one of the goals of the company?

(v) Every business, at some stage, requires infusion of extra equity capital. According to Johnson, it is prudent to apply for and obtain equity capital before there is a need, when the company is doing well and therefore can attract more capital.[103] This equity capital would cushion the company against hard times. Questions to ask under this criterion are:

- Has the firm ever required more equity capital?
- Was the request for a loan made when the company was doing well?
- If the request for a loan was accepted, was it granted on a short-term or a long-term basis?

(vi) T. Johnson stated that one of the biggest problems that SB people have is their fear of bankers and creditors. It is to their advantage to cultivate relations with their banker and creditors, and to establish good ratings with them. When companies encounter difficult times, some aggressive banks will come to the company's rescue by giving out loans on soft terms.[104]

5. Goal Clarity

Clarity of goals is an important factor in the success of any organization. According to Weistart,

> The people who come together to create or participate in virtually any kind of organization generally share in a complex set of goals. Even the traditional business corporation is clearly more than an economic institution. However, its fundamental objective - to make a profit - is well-defined and provides the basis which makes the achievement of all its other goals possible.[105]

The three goals of Community Development Corporations, as defined by the Harvard Law Review, are:

> First, as a political institution, it provides a mechanism through which the poor can achieve meaningful participation in the control of significant aspects of their community life. Second, the CDC as a service organization provides needed services to the community while avoiding the handout syndrome surrounding public welfare. Third, as an economic institution, the CDC promotes economic development of the community through investment in community business.[106]

Criteria to Judge the Effectiveness of Goal Clarity for Community Ventures

Answers to the following questions will clarify the effectiveness of goals in an organization:

- Are there clearly stated goals of organization in its charter or plan?
- Has past performance of organization conformed to its stated goals?
- Are goals of the CDC perceived to be the same by management as by staff?
- Is profit regarded as one of the goals of the venture?

6. Government Involvement/Commitment

For a community venture to succeed, the political, social and economic milieux must be conducive to the success of business. According to J. Weistart,

> ...economic development is a long and difficult process, whether it be Nineteenth Century America or the five year plans in the Soviet Union or China, and it is unrealistic to assume that the process can be speeded up without the infusion of outside capital and technical assistance...The process of social engineering requires the involvement of local groups such as community development corporations, government and business systems in general.[107]

Criteria for Judging Effectiveness of Government Involvement/Commitment

The following questions are useful in determining the criteria for judging the effectiveness of government involvement in community ventures:

- Is assistance available from different departments of government (at regional, provincial and federal levels) in the form of financing, personnel help, and guidance in the field of venture on which the community is embarking?
- What is the basic philosophy of the department? To what goals are they committed?
- Is the organization aware of these sources?
- Have these sources been investigated and made use of by the community?

FOOTNOTES

1. A.T. Hollingworth et al, A Guide to Small Business Management: Text and Cases (Philadelphia, Pa.: W.B. Saunders Co., 1979), p.12.

2. Table was taken from an article by W.A. Strang, "Minority Economic Development: The Problem of Business Failures" in Community Economic Development, J.C. Weistart ed. (New York: Oceana Publications Inc., 1972), p.123.

3. Ibid, p.123.

4. Ibid, p.123.

5. F.L. Tucker, "Forward" in Starting and Succeeding in Your Own Small Business by L. Allen (New York: McGraw-Hill, 1968), p.xi.

6. W.L. White, "Introduction" to L. Allen. Ibid, p.xv-xviii.

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8. W.A. Strang, op.cit., pp.124-125. 7

9. P.J. Fitzpatrick, op.cit., p.125.

10. W. Strang, op.cit., p.125.

11. Dunn and Bradstret, op.cit., p.123.

12. H.B. Pickle, Personality and Success: An Evaluation of Personal Characteristics of Successful Small Business Managers (Washington, D.C.: Small Business Administration Publication, 1964), pp.5-13.

13. Mayer and Goldstein, The First Two Years: Small Firm Growth and Survival Problems (Washington, D.C.: Small Business Administration Publication, 1961), p.154.

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20. J.C. Worthy, "Who Fails and Why", ibid., p.143.

21. K. Lawyer, "How to Succeed in Business By Really Trying", ibid., pp.148-149.

22. Dunn and Bradstreet, op.cit., p.123.

23. Mayer and Goldstein, op.cit. pp.117-120.

24. Ibid., p.121.

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26. Hise et. al., Basic Marketing Concepts and Decisions (Massachusetts: Winthrop Publishers Inc., 1979), p.11. D. Gardner, Successful Marketing Strategies (Las Vegas: Paper presented at Window Energy Systems Seminar, 1983), p.11.

27. Ibid., p.14.

28. Byers and Teckert, Marketing For Small Business: What It Is and Why You Need It (Toronto: The McMillan Co. of Canada Ltd., 1980), p.37.

29. Gardner, "Successful Marketing Strategies" (Las Vegas: Paper presented at Window Energy Seminar, 1983), p.10.

30. Brannen, op.cit, p.17.

31. D.S. Hopkins, The Marketing Plan (Toronto: A Research Report from the Conference Board, 1981), p.4.

32. Byers and Teckert, op.cit., pp.32-40.

33. "Secondary data" is defined by Byers and Teckert, op.cit., p.38, as data prepared for some purpose other than the immediate concerns of the marketer. Secondary data is mentioned before primary data by the authors, to emphasize that all sources of secondary data should be explored thoroughly before considering securing primary data.

34. Ibid., p.41.

35. Dunn and Bradstreet, op.cit., p.123.

36. Double-entry manual system is defined by Gross et al as a method of bookkeeping where one transaction is noted under two different accounts in one of several journals. One of these entries represents "debit" and the other "credit". They must check and balance - that is, the debit must equal the credit.

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63. R. Bruce, The Entrepreneurs - Strategies, Motivations, Successes and Failures(Birmingham, England: Folium Press Ltd., 1976), p.42.

64. Davis, The Fundamentals of Top Management, (New York: McGraw Hill, 1977), p.785.

66. Hollingworth et al, op.cit., pp.33-39.

67. J.C. Worthy, op.cit, p.32.

68. Ibid., p.32.

69. B. McCaslin et al, A Woman's Guide to Planning and Running Her Business: Be Your Own Boss (New York: 1980), p.309.

70. Hise et al, op.cit., p.1.

71. P. Drucker, The Practice of Management, (New York: Harper and Rowe, 1954), p.5.

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73. Ibid., p.3.

74. "Marketing Management" is defined by Byers and Teckert, op.cit., p.4, as planning, controlling and executing the marketing activities.

75. J. Stapleton, op.cit., p.22.

76. Byers and Teckert, op.cit., p.32.

77. Hise et al, op.cit., p.11.

78. Ibid., p.12.

79. Hopkins, op.cit., p.3.

80. Ibid., p.17.

81. Gardner, op.cit., p.12.

82. Hopkins, op.cit., p.22.

83. Ibid., p.22.

84. J. Stapleton, op.cit., p.24.

85. Hopkins, op.cit., p.23.

86. J. Stapleton, op.cit., p.24.

87. Hopkins, op.cit., p.23.

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97. Ibid., p.143.

98. Gross et al, op.cit., p.124.

99. Johnson, op.cit., p.5.

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CHAPTER III

RESEARCH PROCEDURE

Study Design:

The design of the study is descriptive in nature. Both the methods of qualitative and quantitative analysis were used to analyse the three projects of CAC. In order to build a profile of the projects, the historical method of research was also used. This involved the study of past and present records of the projects, such as their accounting records, records of minutes of meetings and correspondence with government departments.

Respondents:

Respondents in the study were categorized into six parties who had an interest in the projects. These parties-at-interest were the employers (Board of Directors of CAC and Child Care Committee Members), employees, community residents, government, customers and competitors. They were selected through various methods. The first party-at-interest to be interviewed was the Board of Directors who are responsible for the Daycare, and are in a sense the "owners". The Childcare Committee of CAC are also included in this group, since they are responsible for and supervise the operation of both childcare programs - Daycare and Out-of-School Care.

The second party-at-interest was the employees of the projects, which included the director and staff. Here the writer ran into the difficulty of tracing all of them. In all there were ten people hired for CHUMS during its one year of operation. Only three employees could be traced and interviewed - one of these respondents was with the project from its start to closure.

The third party-at-interest was the customers of the projects. The customers for the child care projects were referred to by the directors of the projects. Eleven parents were interviewed in the Daycare program. The writer was unable to interview all the customers as the Director refused to disclose any information with regard to their names and telephone numbers. She finally consented to give only six names of parents whom she felt confident would not object to being interviewed. She justified her reluctance in divulging this information by stating that most of her customers were single parents who would resent any invasion of privacy. For this reason, the writer feels that there may have been a bias in favour of the Out-of-School Care program. Twenty clients of the CHUMS project were contacted by telephone. Their phone numbers were located through the records and invoices of the project.

The fourth party-at-interest was the community residents of Calder. This group of five respondents was either involved with CAC projects, for example Calder Place (Senior Citizens' Residence), McConachie House, had been associated with CAC in the past, or had heard of the organization. These residents were selected on the basis of their duration of residence in the community. They had lived there for over fifteen years and had been or were currently involved in community activities.

The fifth party-at-interest was the government. For the childcare projects, the government agencies contacted were Glengarry

Social Services Centre, Provincial Consultation Services of the Social Services Department (Alberta), and School Board employees. The School Board employees contacted were the past and present principals of St. Edmunds School and the principal of Calder School, where the Daycare is located. For the CHUMS project, only those government departments and School Board personnel were interviewed that were directly associated with this project. These were Canada Employment and Immigration Department (Employment Development Branch) and principals of Calder and St. Edmunds Schools.

The sixth party-at-interest was the competitors, who were selected through the telephone directory. Ten daycares located near the Keyano Daycare were visited and their directors were interviewed. Three Out-of-School Care centres were visited. Competitors for the CHUMS project were selected through the telephone directory and were referred by the CAC and other community groups. They had all been in business for over five years. Ten tradesmen, who were involved in providing the same kinds of services in that area, were interviewed. There were three carpenters, three plumbers, three handymen and one window repairman. In addition, project managers of two similar projects being operated in different parts of the city were also interviewed. These were the Strathcona Seniors Maintenance Service and Association for Residence Maintenance for Seniors (ARMS). CHUMS was initially designed after the Strathcona Association, which is providing home maintenance services in the south side of the city and has been operating for eleven years. ARMS is located at Kingsway Garden Mall and their services are available to all seniors within the City of

Edmonton.

Both the unstructured and structured methods of data collection were used. In the unstructured method, interviews were taped and observations were recorded. The questions in unstructured interviews were as open-ended as possible, offering minimum guidance to the respondents. This way, more information could be elicited than through a structured interview. Structured interviews were useful in obtaining specific answers to questions dealing with accounting, marketing, capital and goal clarity of CAC.

In order to obtain information on the six factors crucial to SB, each interview was analysed, and information pertinent to the six factors was colour coded. For example, comments on marketing were underlined in blue, information on management was underlined in red, and so on. This way, the opinions of the six parties-at-interest, with regard to the three projects, were categorised into the six factors established in Chapter II as important to the survival of community business.

A total of sixty interviews was conducted, which included both face-to-face and telephone interviews. Some key respondents were interviewed two or three times in order to clarify certain points. These interviews averaged thirty to sixty minutes in duration. Observation time consisted of watching the respondents carry out their scheduled activities. For example, the writer was allowed to observe the two childcare projects for indefinite periods of time and to observe a CAC and CCC meeting. This involvement provided an overall picture of the two projects, so that the study is a consolidation of my observations and interviews.

Most of the interviews for the study were taped. Permission to use responses with no names attached was received from some respondents. Therefore, when the tape recordings were transcribed, the names were not included.

CHAPTER IV

DESCRIPTION AND ANALYSIS OF DATA

Introduction

In this chapter, the three projects of Calder Action Committee (CAC) will be described, and then the data will be analysed in terms of the criteria established in Chapter II. That is, the six factors important to community business will be used as guidelines to understand why two projects of CAC survived and one failed. The projects' successes and failures will also be evaluated in the light of the satisfaction they provide to the six parties-at-interest mentioned in Chapter I, pg. 7.

Description of Three Community Economic Development Projects

Daycare - The Keyano Daycare opened in April 1981. It operates out of Calder Elementary School. The Child Care Committee (CCC) of Calder Action Committee has leased Public School Board space. Keyano is licensed for twenty-five children. It has experienced the usual difficulties encountered by any SB in these hard times. The enrollment in Keyano has fluctuated during the period of the study -- October 1983 to May 1984. In October 1983 there were twenty-two children and by May 1984 there were sixteen children enrolled, out of which twelve were full-time. Two staff members are upgrading their qualifications by attending night classes in Early Childhood Development. The director of the program, who lacks formal qualifications is also attending night school. The physical layout of the daycare is spread over two big rooms that are bright and sunny.

Apart from these rooms, there is a kitchen, storage space, washroom, and an office for the director. Hot lunches and snacks are provided by the daycare. The daycare children use the playground and gym facilities of the school.

Out-of-School Care Program - Calder Out-of-School Care Program was started in October 1980. It is open from 7 a.m. to 6 p.m. on weekdays. It caters to the six to twelve years age group. This centre is located in St. Edmunds School, which is adjacent to Calder School, where Keyano is located. Children from both of these schools are enrolled in the program. From its inception, this program has also experienced many difficulties. During the course of the study, the director of the centre had to release her full-time assistant. She now has part-time help. Two Grade Nine students come in early in the mornings and then during their lunch hours to help with the children. They are paid an honorarium. Apart from these students, there are two additional paid, experienced helpers who start work at 3 p.m. and stay with the children until 6 p.m. This centre has been consistently underenrolled. They are licensed for twenty children and at present have fourteen. Financially, they have been facing many problems. Due to low enrollment, their fees were increased from $200 to $248. The city has jurisdiction because the children are subsidized by the city. The out-of-school care programs also have to abide by the provincial Licencing Regulations Act.

CHUMS - The CAC formed an Economic/Business Committee and utilized a Community Development Grant to operate CHUMS. This program was geared to providing home maintenance services and products to seniors and low income families in Calder area. These services and products included yard work, painting, plumbing, minor electrical work, lawn-mowing, window cleaning and repair, and installing safety deadbolt locks. The program lasted one year from January 1981 to January of the next year. It was located in St. Edmunds School. There was a high staff turnover. It may be worth noting at this point that two similar projects that are community ventures are being operated in the city, and have managed to survive and grow. CHUMS was modelled after one of these programs - Strathcona Seniors Maintenance Service.

Analysis of Data

The remaining chapter will be divided into six sections - one on each factor identified as crucial to SB success. These are: 1. Marketing, 2) Accounting, 3) Capital, 4) Goal Clarity, 5) Government Involvement/Commitment, and 6) Management. Under each section the data pertaining to the three projects will be discussed and opinions of the six parties-at-interest with regard to that section will be analysed. At the end of each section, a review of that section is added, for example, a review of marketing in the three projects.

1. Marketing

In this section the data on the three projects of CAC will be discussed and analysed in terms of the marketing criteria established in Chapter II. Briefly stated, some of the important marketing criteria established were that there should be some form of a plan that spells out clearly the goals and objectives of the organization and strategies for achieving them. Some thought must also be given to marketing research. Planning starts with an analysis of the company's situation, and this is called situation analysis. It includes an analysis of the business, customers, competitors, products/service, or trends. The next stage involves formulating goals and objectives for the organization. The third stage consists of devising strategies and tactics for achieving the goals and objectives. The fourth and fifth steps in a Marketing Plan consist of devising monitoring procedures and contingency plans for the organization. There should be adequate feedback loops in the whole Plan.

A. Daycare

(1) The first party-at-interest to be interviewed was the Board of Directors and Child Care Committee members of Calder Action Committee. All except one of the six respondents, stated that planning and forethought were given to the location of the Daycare. The primary reason cited for selecting their present location was availability of space. All respondents said that it was advantageous to locate the Daycare in a school for three reasons. First, space was available at a low rent; second, they could use the gym and outdoor facilities of the school, and the third advantage was that children got used to the idea of going to school by attending the program located in school premises. All respondents, except for one member who was not aware of the pricing policy, stated that the pricing policy for Keyano Daycare was cost-oriented. They estimated the cost of running the program, and then worked out cost per child. One member said that they had checked with similar services in other parts of the city and then determined their fees.

All six respondents stated that some advertising was done prior to opening the Daycare. They had advertised in the community newsletter and put up posters in convenience stores, local grocery stores and shopping malls. Recently they have started an intensive advertising campaign for their Daycare. They had regular articles in the local newsletter, were planning to advertise in their local McDonald's Restaurant place mats, a bill-board was being placed on the main road connecting the community to the downtown area, letters had been sent out to the Social Services Centre in their area to refer children to Keyano and big posters were put up in shopping malls, grocery stores and convenience stores in their area. To promote their Daycare, the owners had taken advantage of the free time on radio stations provided to community groups.

The owners did not have a formal market research plan. A needs assessment survey was done prior to opening the Daycare and another evaluation was done in April of 1984. The Daycare was opened on the basis of needs expressed demonstrated by the survey. The CAC, along with many volunteers, had conducted an extensive and comprehensive survey of all households in Calder. It was a door-to-door interview with a structured questionnaire. Some of the questions asked were: What are the things you like about Calder? What are the things, in your opinion, that need improvement? Are there enough services for seniors? On the basis of this survey, they identified the needs of the community for physical improvements such as street lighting, and for social services such as a daycare, out-of-school care program and a home maintenance service for seniors. This survey was conducted a year and a half before launching their community economic development projects.

They had a good response from their evaluation, which was distributed to the parents of children enrolled in the program in April 1984. All the parents, with the exception of two, returned the questionnaires. According to the respondents, the parents were satisfied with the program. All of the six respondents interviewed felt that even though they did not have a formal Market Research Plan to determine the demand for the service, there was a definite need for a daycare program with quality childcare in their area. It was pointed out by one respondent that when they started the Daycare, there were none in Calder area, so there was a genuine need for such a program. Now that there are at least ten daycares in their community, they feel that their services are needed more, because according to one respondent, "A single daycare could not possibly fulfil the needs of the community."

The Board members did not have a formal Marketing Plan. There was, according to two respondents, an unwritten and informal Plan. They had reviewed their current market status and outlook for their service. For example, in their April evaluation, they discovered that seven children would be graduating to Grade One and therefore would leave the Daycare to join the Out-of-School Care Program. This meant that enrollment in their program would further fall. They had formulated strategies and action programs to increase the enrollment. They intended to vigorously campaign during the summer months. They had asked one of the local Daycares that was closing to refer their children to the program. They were also in contact with the Social

Services Centre in their area to refer children to their Daycare.

They did not have any monitoring procedures to determine if their program was achieving its goals of satisfying childcare needs in that area. There was no Basic Marketing Strategy that effectively concentrated on the five "P's" of marketing mix - product, price, promotion, place and people. One respondent stated that they had guidelines in their mandate for CAC, that she would not call a "marketing strategy", but she said, "It provides us with guidelines to tell us, for example, what qualifications to look for in the staff and what to charge the customers." Then there are guidelines laid down by the provincial and municipal governments by which they have to abide. Another respondent stated, "We started out by knowing that these were the things that were needed, compared prices and location - and did it."

The owners were not clear on their market segment. They stated that their goal was to serve the community of Calder, but they knew that most of the children enrolled in the program were coming from other communities. They had identified their market segment by demographic and geographic factors, but in actuality were serving a different geographic area. One respondent commented that they knew that they would not have full enrollment from the start but were counting on drawing children from nearby communities. According to another respondent, "There are not enough young families in Calder." The same respondent stated that when they opened Keyano, there was another daycare in a nearby community, but all children could not be accommodated there - "So, when you open one a couple of blocks away, you can be sure to draw children from that area too." Two respondents said that all daycares were in competition with each other, but the other members strongly disagreed with their statements. According to one Board member there were feedback loops in their informal Marketing Plan. The staff were responsible for promoting and advertising the program, but it was through discussion with the Board. The Board then instructed the staff to implement their decisions on the Marketing Plan. The staff reported back to the owners about the customer satisfaction or any problems faced by them in their monthly meetings.

(2) The second party-at-interest was the employees of the Daycare. All respondents replied in the positive that their program was achieving its objective of providing quality child care to the children. The Director of the program was responsible for marketing the program. Underenrollment was blamed on poor economic conditions by one respondent. The Director said that the bulk of their advertising was done through word of mouth. However, they were listed in the yellow pages of the telephone directory, and at times they placed advertisements in their local newsletter, the Examiner and the Edmonton Journal. They had posters in local stores and a sign in front of their Daycare. In addition, the Director and Board members were implementing the strategies discussed in the "owners" sections. The Director said that staff and customer relations were good. Special care and attention were paid to the parents. They were planning to install a coffee maker, so parents could help themselves to coffee while waiting for children to finish their activities. Staff members were always willing to talk to the parents about any problems or concerns they

might have. Parent/staff meetings were used by the Director to determine if their customers were satisfied with the Daycare. Three meetings were held in 1983 and one in 1984. The Director had up-to-date information on all the daycares in her area.

(3) The third party-at-interest was the customers or parents of children in the Daycare. Most of the eleven respondents were satisfied with Keyano. All of the eleven respondents interviewed said that they would recommend the Daycare to their friends. Two respondents had actually referred their friends to it. The main reason cited by the customers for selecting this particular Daycare was convenience of location - it was either close to their homes or work, or their children attended kindergarten in the same school. Out of eleven parents interviewed, five heard of the Daycare through word-of-mouth (friends or neighbours highly recommended it), two parents were referred to the program by the Social Services Centre, two respondents saw the sign board outside the Daycare, one parent saw the advertisement in the local community newspaper and one parent discovered the Keyano Daycare through the telephone directory.

In order to determine the satisfaction of customers with the program, the respondents were asked to define a quality daycare. Interesting answers were elicited. Eight respondents felt that even though the program at Keyano was "stimulating", "creative" and "constantly improving", it still lacked the ingredients of a quality daycare according to their perception of an ideal daycare. Two respondents felt that Keyano could be called a quality daycare, since it approximated to a high degree to their definition of a quality daycare. One parent declined to answer this question.

Parents expressed their satisfaction with staff and Director who they felt were cooperative, helpful and always willing to discuss any problems or concerns.

(4) The fourth party-at-interest was the residents of Calder community. One respondent stated that the Daycare was underenrolled because of poor marketing strategies employed by management. According to this respondent, either the management was not marketing their services properly or there was insufficient need for daycare in Calder.

(5) The fifth party-at-interest contacted was the government and its agencies. As mentioned in Chapter I, in most community ventures the government is the primary funding source and as such imposes certain regulations. Daycares are subsidized by the provincial government and are under their jurisdiction. The respondents in this group were important to the study as, being in close proximity to the Daycare, they were able to provide the writer with a different perspective of management of both CAC and Daycare. The Glengarry Social Services Centre is connected with the municipal government and as such did not have much knowledge about the marketing policies of the Daycare. They were aware of their enrollment problems, but other than this they were not intimately involved with the centre.

One respondent stated that underenrollment could partly be attributed to an insufficient need for a daycare in Calder. He qualified his statement by noting that Calder was an old community where the children had grown up - "There aren't too many young families to target the program to." Another government employee expressed similar reasons for the Daycare's problems. All respondents blamed management for Keyano's problems. One government employee stated that on the basis of a private survey conducted by her, she knew that most daycares were full. Those daycares facing problems of underenrollment were those where four or five other daycares were within a block or two of each other. This respondent further added that in September and October enrollment in most daycares was at its maximum. The worst months were June and July. If Keyano was underenrolled in its peak months, then according to this respondent, management must be blamed for this. Two respondents felt that the high transiency rate of the area and poor economic conditions were the main causes of the problems at the Daycare.

(6) The sixth party-at-interest interviewed was the competitors, or other daycares operating within close proximity to Keyano. Out of ten daycares visited, seven had a planned marketing strategy. Two directors had written contingency plans to counter any future problems of underenrollment. One daycare, in spite of the fact that there were three more daycares within a block of its location, was able to run its program at full capacity and had children on a waiting list. This was attributed, by the director, to her persistent advertising campaign and satisfied customers. Another daycare had relocated its program into a bigger facility where they could accommodate more children. Within two months, this daycare had achieved full enrollment. Two directors stated that yes, they were competing for services in their area, because many private daycares had "mushroomed" in the last two years

and were providing less costly but "sub-standard" care for children. Eight daycare directors were aware of Keyano Daycare but did not want to comment on its marketing program on grounds that they were not too familiar with the Daycare.

B. Calder Out-of-School Care Program

(1) The Board of Directors and Child Care Committee members was the first party-at-interest to be interviewed. Since the "owners" of this program were the same group of people who owned the Daycare, they had a comparable marketing program for their out-of-school care program. To avoid redundance, only those responses will be discussed here that were markedly dissimilar to the Daycare section on marketing. The main reason cited by all the respondents for selecting this particular location was availability of school space and reasonable rent. In addition, all respondents felt that it was an ideal location for an out-of-school program - children did not have to walk a block or two to go to such a program. It was safe and convenient for children from both the schools, which were across the road from each other. In addition, they were able to use gym and outdoor facilities of Calder School across the road. Pricing policy was cost-oriented. Their fee was substantially increased during the course of this study. This step was taken to keep the program alive. There were not enough children enrolled in the program to keep it viable. According to one respondent, the increase in fees was not within customers' price range. "Had the program not been heavily subsidized, parents would have had to make alternate arrangements." One child was withdrawn because of the increase in fees. Subsidy was available to parents but only if they

were within a certain income bracket.

Marketing segment had been identified by geographic and demographic factors. The program was geared towards children aged six to twelve, and was initially started to serve the Calder community. However, as the following break-down[1] will show, there were more children from other communities than from within Calder:

Two children came from Londonderry.
Six children were from Calder.
Five children came from Castledowns.
One child came from NAIT area.

All of these children attended Calder School or St. Edmunds School. There was no planning or thought given to positioning (that is, how can the business be better than competitors). One respondent commented, "Our priority right now is to survive, not to compete or be better than our competitors."

The owners had conducted a needs survey before embarking on the project, and on the basis of the "felt need" demonstrated at that time decided to open such a facility. They conducted an evaluation this year in April to determine if parents were satisfied with their services and would continue to send their children to the Out-of-School Care Program in summer and fall. They received a very poor response - only one questionnaire was returned. One respondent felt that the main reason for the poor response was that parents did not want to commit themselves to sending their children in August and September, since they did not know if the program would remain open after June. The same respondent strongly felt that it could also be attributed to a communication problem between the Director of Out-of-School Care Program and parents. The respondent speculated that the Director must have handed the forms to parents saying fill them up if you want to - the program will probably close in June.

Some advertising was done prior to embarking on the project. During the course of the study, the marketing campaign for their program consisted of placing an advertisement in the local newsletter, putting up posters in convenience stores, a blurb was sent out in the school bulletin and a big sign placed outside the Out-of-School Centre. In addition, there were write-ups in their local newsletter on the program. The owners were successful in obtaining, from the city, another year's license to operate. They were able to prove to Social Services Department that there was a legitimate need for this kind of service. The program was promoted by the Social Services Centre in their brochure on municipally approved child-care programs, and in the telephone directory.

The owners intended to increase the enrollment by September, as seven children from Keyano Daycare would be graduating to Grade One and would, therefore, be attending the Out-of-School Care Centre. The feedback loops in their Marketing Plan were similar to those in Kayano Daycare.

(2) The second party-at-interest was the employees of the program. These were the Director and one part-time staff member. The Director did not have a written Marketing Plan or a Basic Marketing Strategy. There was a brochure on the program which was given to the teachers in both the schools, when the teachers asked for them. The Director was

responsible for putting up posters at shopping centres and convenience stores. She placed an advertisement in the local newsletter, in the Examiner, and availed themselves of the free time on one radio station allotted to community groups. The Director said she worked very closely with the Social Services Department. They referred parents to the program. The Director stated that she and her staff had good relations with the parents. She blamed low enrollment problems on the highly unstable population of Calder and the poor economy. She supported her reasons by stating that six parents had recently lost their jobs and had to withdraw their children from the program.

(3) The third party-at-interest interviewed was the "customers" or parents of the children enrolled in the program. The most common reason cited for selecting this program by the respondents was convenience of location. Their children attended the same school in which the program was located or went to the school across the road. The parents interviewed heard of the program through different channels - two parents were referred to the program (one by Social Services Department and the other parent was referred by the School Board), two parents read an advertisement in the local newsletter, and two parents heard of the program through Keyano Daycare. All the respondents interviewed were satisfied with the program. They were especially pleased with the program's emphasis on outdoor activities and gym. It was interesting to note that all six respondents felt that this Out-of-School Care Program closely approximated their definition of a quality out-of-school care program. However, one respondent said that they needed to restructure their program and gear it towards different age

groups, so that children do not get tired of the same routine.

(4) Community residents was the next party-at-interest contacted. They were the same set of people interviewed for the Daycare. The respondents were aware of the CAC's childcare programs but declined to comment further on the program, on grounds that they were not familiar with their marketing policies.

(5) Government agencies was the fifth party-at-interest interviewed. These were the same respondents that were interviewed for the Daycare program. One government employee who was working as a consultant with the CAC Board and the program Director felt that the program's existence was justified by the very fact that there was a legitimate need demonstrated by parents of fourteen children enrolled in the program. This respondent, along with the owners, had explored various alternatives. They had four options:

i) To combine both the childcare programs and operate them from Calder School as there was space available. The principal of the school was not agreeable to the idea.

ii) The staff was willing to cut their wages, so that the program could continue. However, the Social Services Department was not too pleased with this idea.

iii) They could relocate themselves in Castledowns, since there was a greater need there and space was available. But the CAC Board was not happy with this option, since they are committed to their community.

iv) Raise fees.

They eventually raised the fees. The Social Services Department arranged it so that the subsidized families did not have to pay any more. Three families who were paying full fees were informed that they should apply for subsidy. One family withdrew their child rather than apply for subsidy - they thought, according to the respondent, it was an invasion of privacy. The other two families met with the Department - one family is being subsidized and the other family agreed to pay full fees.

Two government employees predicted that the program would not last more than a year due to the composition of the community and a lack of need for this kind of service. One respondent said that there were too many "multiproblem families, that is, there are too many single parents and families that lack life skills such as parenting." This respondent speculated that ten to twenty percent of families belonged to this group. The same respondent felt that though the concept of out-of-school care was excellent, unfortunately the community of Calder would not support it. Parents felt that looking after children was their responsibility. They could get cheaper services from neighbours, relatives or babysitters.

One government employee strongly disagreed with management's reason for low enrollment on the high transiency rate of the area. He agreed that the population of the neighbourhood was declining and that enrollment in most schools of Edmonton was falling, but the enrollment in St. Edmunds had remained constant for the last one year. It was very seldom that parents removed their children from the schools they were enrolled in if they were moving to another part of the same city. However, he speculated, low enrollment could be attributed to poor economic conditions - parents losing jobs and withdrawing their children from the program.

One School Board employee felt that schools should encourage out-of-school care programs within their premises. According to this respondent, "It is an ideal set up." He explained that sometimes children were dropped off early in the morning by parents going to work - "They just hang around outside, lonely and forlorn, until it is time for school to open. If there was such a program, then children could go there directly and socialize with kids their age." The same respondent said that some children had to walk a couple of blocks for their lunch or after school to go to a neighbour or relative. According to him it was not safe these days to allow children to walk by themselves. Another government employee expressed a totally different opinion. He was of the opinion that though the program was well structured, it lacked the support of parents and children in one of the schools. This was determined by the respondent through conversations with many parents of children attending the public school. The same respondent said that the bad economy was not the main cause of underenrollment in the centre. According to him, "Even before the economy went sour, the Out-of-School Care Centre has had its problems. There is not a large enough population to target it. The surrounding communities will not support it - there are negative feelings towards Calder." This was further explained as the respondent gave the historical background of the community. According to this respondent, seven or eight years ago there were strong Catholic and Protestant groups in Calder. They were always opposing each other - one would not let the other use their rink or use their hall, etc. A city community worker worked with them to resolve their problems. At one time there were two hundred children brawling on the streets. The parents also exhibited a negative attitude toward other surrounding neighbourhoods. These feelings have subsided to a great degree, but he speculated that they may still persist in the older population of Calder. This respondent stressed that relationships between the two adjacent public and private school principals were congenial and cooperative. They helped each other out. One government employee felt that the centre would soon close down because of its multiple problems. This respondent was of the opinion that such programs should not be located within school premises, as they were a drain on taxpayers' money. It is interesting to note that this same respondent had objected to the location of Keyano Daycare as well.

(6) The sixth party-at-interest was the competitors or other similar programs. Three centres were visited and their directors interviewed. All three directors felt that advertising was crucial to their survival. One director said that even though they did not face any enrollment problems, she made it a point to send flyers to the school teachers, drop off brochures in as many mail-boxes as possible, in health clinics, and put up posters in community housing complexes and shopping malls. Another director said that their marketing strategy was based on building good relations with parents, provided quality childcare by employing qualified staff and primarily depended on word-of-mouth advertising. This director said that they were especially careful in cultivating good relations with Social Services Department, so that children could be referred to their centre. The third director stated that it was very important to locate such programs in centres that were easily accessible to children from the school. Their program

was located in a community housing complex across the road from the school. This was they had their program geared toward not only children attending school across the road, but were drawing children from a nearby school who lived in the complex. One director speculated that Calder Out-of-School Care was facing problems because the Director was not vigorously selling her program.

C. Calder Home Upkeep and Maintenance Service (CHUMS)

(1) The Board of Directors of CAC were the first group to be interviewed. All four respondents replied that poor location was one of the main reasons for failure of the project. They had surveyed the area for rental space, but discovered that the spaces available were beyond their budget. They were allowed only three hundred and twenty-five dollars for rent by the Community Development Project Grant sponsored by Canada Employment and Immigration Department. They were unable to find a storefront space. They opened their office in the empty space in St. Edmunds School. Here they did not have to pay any rent. But unfortunately they could not utilize the grant money allotted for rent for other expenses. There was no traffic in the area. According to one respondent, "We were not noticeable. People in the community were not aware of our services." The respondents blamed the staff for not being motivated and "fired up" to do the job. One respondent said, "It was a mistake to hire strangers who were not familiar with the community or have any commitment." Two respondents blamed the fact that staff lacked expertise and experience. Some employees who had expertise did not stay for long because of low wages.

The staff were responsible for planning marketing strategies and implementing them. There was not enough money for advertising. They could not afford bill board advertising.

Their pricing policy was determined after conducting a small survey of similar jobs contracted out commercially in different parts of the city, and then subtracting ten percent from the average commercial price. According to one respondent, they were not a threat to the people in business. They were able to charge less for similar services because of their low overhead costs and minimum wages paid to the staff.

They did not have any Marketing Plan or any other plan that dealt with the marketing of the project. There was no Market Research Plan. The only research they did was a needs survey prior to embarking on the venture. There was no research into the characteristics of the market, nor were the environment factors around the market evaluated, nor had they determined the reaction of their market segment to the components of the marketing mix (product, price, promotion, place and people). Initially their marketing strategy did identify their market segment by demographic, geographic and benefit factors. CHUMS was originally started to serve the seniors and handicapped people in Calder, but due to a lack of response, they had to broaden their scope to include everybody, irrespective of age. One respondent stated, "Had we been aware of some of the marketing strategies, we might have survived."

(2) The second party-at-interest interviewed was the employees. All three respondents believed that considering their lack of expertise and very low funding, they did a "fairly good job" of marketing the

project. Two respondents complained that the project was launched without any proper equipment or tools. They advertised in their local newsletter and other community papers, and got some business. They also put up posters in the stores and distributed their flyers in the Calder newsletter which had a coverage of eighteen hundred homes. The CHUMS staff also took advantage of the free time on radio to promote their project.

In the first six weeks they had no business except for two customers who read their advertisement in the community newsletter. One respondent blamed it entirely on lack of preparation by owners. According to this respondent, "There was no telephone at the office for six weeks. Seniors could not phone in." One respondent stated that their advertising paid off, because by the middle of the year they had started to build up a regular clientele. For example, West 10 and the Society for Retired and Semi-Retired had their name and were referring people to them. Another respondent said that by the end of the project they discovered that in southern half of the Calder area, which is relatively much older than the northern half, there was a higher concentration of seniors. They believed that CHUMS could have been effective there. The same respondent felt that had they known earlier about the demographic information on southern Calder, they would have concentrated their advertising campaign there and not diluted their efforts by trying to please everyone.

(3) The clientele of CHUMS was the third party interviewed. Twenty respondents were contacted by telephone. There seemed to be a moderate to lukewarm positive response to the services, demonstrating a weak

demand. Seven respondents did not remember the CHUMS project or ever utilizing their services. Eight respondents remembered CHUMS but had no particular comment to make except that it was a good idea. Some of the responses to their services were unenthusiastic statements like: "They were O.K.", "mediocre services", "alright" and "I had no complaints". Three respondents remembered that they had been dissatisfied with their services and had complained to its management for "sloppy work", "arrived late for work" and "was so slow". Two respondents stated that they were pleased with the work done on their fencing and had recommended CHUMS to their friends.

Out of twenty customers contacted, seven did not remember CHUMS. Out of the thirteen customers that did remember the project, seven heard of the project through word-of-mouth, four had read the advertisement in the community newspaper and two respondents saw their posters in convenience stores.

(4) The fourth party-at-interest was the community residents. All respondents were familiar with CHUMS and thought it was an excellent idea. Two respondents speculated that the reason why CHUMS failed was a lack of need for this kind of service in Calder. One respondent explained that people in Calder are mostly tradesmen and craftsmen - "There are not too many professionals here. Professionals need such services because they have never handled tools." Another respondent said that very few people would allow strangers to renovate their homes. He further felt that more people were doing their own renovations and repairs. One community resident disagreed with the two respondents who had said there was a lack of need for such a program.

According to this respondent, CHUMS had a broad scope and their services, such as handyman's work or snow shovelling, were needed by Calder community, especially the seniors. One respondent felt that CHUMS should have been geared from the start to all citizens and not just the retired and semi-retired people.

(5) The fifth party-at-interest was the government agencies and their personnel. Two respondents stated that it was imperative for community organizations, before embarking on a venture, to understand their market. One respondent stated that they must know and identify their market segments so that they could approach their customers in a way that could be most effective. If the community organization was running a store, they must know what products to keep and what not to keep and when to "dump them". According to one government employee, "CHUMS probably failed because it did not have a dedicated staff with marketing expertise."

(6) The sixth party-at-interest contacted was the competitors. All the competitors contacted were listed in the telephone directory. According to one project manager, the ideal location to operate such a project was from the home of the project manager. "This way you cut down on your overhead expenses, such as rent and installation fee of phone." This respondent emphasized the importance of hiring qualified staff who were willing to take less wages than offered commercially. He did not hire any staff member unless he was sure that they would be committed to their jobs. The respondent commented that once he had to interview thirty people before hiring two handymen for his project. The manager stressed the importance of staff reporting to work and

servicing equipment such as the lawn mowers and snow machines on a regular basis. The equipment, he stressed, must belong to the organization. This respondent felt that it was important to go out in two's and three's in order to minimize dead time. He explained that by sending out two or three people, you could reduce hours spent on the job - this way work done in two hours could be accomplished in twenty minutes and the savings could be passed on to the customer, who paid for only twenty minutes of labour. Moreover, workers could cover more houses in a day. These strategies outlined by the manager were being utilized by him and proved successful. His organization had been in operation for eleven years, serving the seniors and handicapped people in the Strathcona area of Edmonton. Thus, the project manager had identified his market segment by geographic, demographic and benefit factors and concentrated his advertising and promotion program towards this segment only.

The project manager of the second project - ARMS - speculated that CHUMS may have failed for any, or a combination of, four reasons:

i) Either there were not too many seniors in Calder or, if there were, they were not willing to pay for the services.

ii) Prices charged might have been too low, so that their project was not generating any income and was not viable.

iii) They probably lacked dedicated and qualified staff.

iv) Poor timing - CHUMS project was started in hard times. The respondent explained that in 1980/81, it was easy for people to get employment and were therefore not willing to work for low wages. Now the times were different. Due to high unemployment, people were willing to do any job at reasonable wages.

It is interesting to note that this project was started during the same time period as CHUMS and has been successfully providing home maintenance services to seniors since then. Ninety-five percent of their work is done on contract basis with the city and five percent of work is done by contacting the seniors directly. According to this manager, their location was an ideal one. They were situated in a shopping mall which was easily accessible to the Board members who were seniors. Moreover, his office was situated in a business centre where personalized clerical service was provided and included in the rent. He was the only employee working full-time. The other staff were part-time workers who were hired for so many weeks to do housework. The handyman was also on a part-time basis.

D. Review of Marketing in the Three Projects - After interviewing the different parties-at-interest, the writer observed that some aspects of the marketing programs of the three projects of CAC did not correspond to the criteria listed for effective marketing in the review of literature. The marketing program for the two childcare programs had conducted an informal situation analysis to determine the outlook for their services, their advertising and promotion support, competitive position, and problems and opportunities for the projects ahead. The staff and owners were aware of their customers' problems and what was important to them. They were aware of the composition of their community. It is a highly unstable neighbourhood with a high transiency rate. According to the 1983 Civic Census of Edmonton, in census tracts sixty-six and sixty-seven (that cover Calder area, but include other communities as well), there were 2,210 and 2,325 movers, respectively. These two tracts had the highest mobility rate.[2] The single parent families rate was also among the highest in the city. There were one hundred and sixty single parent families in tract sixty-six, and two hundred in tract sixty-seven. Total average income of males in these two tracts was listed as the lowest in the city. Incidence of low families was again listed as very high. According to Civic Census 1983, population was declining in all tracts.

The writer ascertained, from the interviews and observation of different respondents, that though the owners and staff agreed on the basic goal of providing quality child care for children in Calder, they were not too clear on the objectives of the two programs. Moreover, the unwillingness of most of the owners and staff to perceive the programs as existing in a competitive environment poses an unnecessary problem for them. There was no confusion expressed in the strategies and tactics outlined by the two parties-at-interest concerned, that is the owners and employees. The two child care programs had informal Marketing Plans that had plentiful feedback loops.

The CHUMS project, on the other hand, did not correspond to most of the criteria listed for effective marketing in the review of literature. For example, there was no evidence of a situation analysis done for CHUMS. Two respondents blamed the composition of the community as a contributory factor responsible for CHUMS' closure. According to the Civic Census information quoted above, Calder is a highly mobile area. One respondent blamed lack of interest in maintaining their houses on the fact that too many houses were owned by absentee landlords. According to the 1981 Civic Census, out of 1,755 and 1,750 occupied private dwellings in tract sixty-six and sixty-seven respectively, there were seven hundred and thirty-five, and seven hundred and twenty rented dwellings respectively. These figures represent one of the highest rates of rented houses in the city. Another respondent stated that there was a weak demand for CHUMS because of the high concentration of people that were tradesmen, who did not require these services. This is supported by the Civic Census 1981 information - out of a total labour force of 2,870 and 2,805 in tracts sixty-six and sixty-seven respectively, there are five hundred and fifty and five hundred and thirty people occupied in trade-related jobs, which is the second most common occupation.

The owners and employees were not clear on who their market was. Thus, they ignored an important marketing rule, that is, the market is not homogeneous. It is not possible to please everyone and therefore identification of market segments by different factors is important. Due to confusion of CHUMS goals and objectives, the CAC and its staff were unable to launch an effective Marketing Plan with action programs. Their problems were further compounded by a staff that lacked motivation, expertise or familiarity with the community.

2. Accounting

The data pertaining to the three projects of CAC will be discussed and analysed in terms of the criteria for accounting established in Chapter II. These criteria include such practices as use of a budget system and books of account. In addition, accounting records must be kept up-to-date and balanced monthly. The actual financial statements must be compared periodically with projected financial statements. Financial analysis must be used by management and records of these analyses must be kept. Break-even analysis, if applicable to the business, should be used by management and the records kept.

A. Daycare

(1) The first party-at-interest, that is, the owners, stated that their organization had prepared a yearly budget before starting the project. They had to abide by the regulations laid out by the licencing bodies of provincial government. According to all respondents, the record-keeping system was fairly simple. It was set up with the assistance of an accountant on the Board of CAC. Canada Employment and Immigration Department had also provided them with guidance. All respondents stated that they were able to understand the financial statements, which were "fairly simple" and "pretty straightforward", according to some respondents.

However, one respondent stated that though the members were able to read financial statements, they did not make any decisions in the light of financial analysis, "until the situation got out of hand". Since January of 1984, the owners have prepared a detailed annual budget - actual spent that month and to date. Previously the financial statements of their childcare programs were audited once a year by an accountant on CAC Board for a nominal fee - but this provided the CCC members with superficial information, "just profit and loss, not why and how it was being spent". Also, before this time there were no proper checks on budgets. The committee did not know much about the financial situation of the Daycare.

In 1984 the owners had introduced a new method of financial controls. This check consisted of one of the owners co-signing the attendance chart of the children and going over the expense account. This way, the owners made certain that they were receiving subsidy for the number of children enrolled in the program. In addition, a detailed budget was prepared by the Director of the program, and all expenses were accounted for by her. Accounting records were in order - they had their formal journals, vouchers, invoices, correspondence, and a petty cash book. Since February of 1984, the financial statements were compared with their estimated budgets on a monthly basis. The child care committee members had decided to do their own internal auditing. This step was taken in the interest of frugality - CCC members wanted to cut down on costs by not consulting with an accountant.

(2) The second party-at-interest was the employees of the Daycare. The Director of the program was interviewed for this section. She was responsible for keeping the accounting records up-to-date, and for preparing monthly budgets. According to the Director, when she took over last year, they had an overdraft at the bank of three thousand dollars. This she attributed to gross mismanagement and fraud by previous directors. When she took charge as Director, a loan was taken out to cover the overdraft. At present they have a positive cash balance of four thousand dollars in their bank account. They are paying off their loan to the bank on an installment basis.

(3) The third party-at-interest interviewed was the government departments. The Social Services Department organizes financial workshops for directors and treasurers of non-profit organizations and municipally approved programs. The CAC Board members attended these workshops.

The remaining parties-at-interest were not interviewed for this section because they had no information on accounting practices of Keyano Daycare.

B. Out-of-School Care Program

(1) Responses of the owners on accounting were similar to those for the Daycare program. The only difference in this program was that they had to submit the new detailed monthly budgets from January of this year, at the request of the city, whereas in the Daycare they had introduced them on their own. The same financial controls were applied to this program.

(2) The Director of the centre was responsible for preparing detailed monthly budgets. She had to submit them to the Board, who after reviewing them, would submit them to the city. In addition, a yearly budget had to be submitted to the city. Accounting records were kept up-to-date and balanced monthly. The Director stated that she had all her books in order, including a book for petty cash which also had to be balanced. Actual financial statements were compared periodically with their projected budgets.

(3) The third party-at-interest was the same government departments that were contacted for the Daycare. The municipal Social Services Centre which was responsible for subsidizing the children in the

program had helped the CAC streamline its budget, and had asked them to prepare a yearly and monthly budget.

The other parties-at-interest will not be discussed under accounting because they did not have any information on this section.

C. CHUMS

(1) The first party-at-interest interviewed was the Board members of CAC. All respondents replied in the positive that a financial plan had been developed before embarking on the project. They had to prepare a detailed budget for the year and submit it to the Department of Canada Employment and Immigration before they could receive any funding for the project. A project monthly budget forecast was supplied on one of the printed monthly budget forecast formats supplied by the Department. It included projections of each month from January 1, 1981 to January of 1982, on the number of work weeks of project manager and other employees, their salaries and other expenses incurred in that month. The record-keeping system was fairly simple and was set up with the help of an accountant on their Board. A treasurer from the Board was appointed to do the books for CHUMS. All Board members stated that they were capable of reading and understanding the financial statements. Based on an interim report submitted by the CAC, monthly payments were granted by the Canada Employment and Immigration Department. All bank records (that is, the cheque book stubs and bank statements), invoices, correspondence, journals and petty cash records were kept. Two respondents stated that financial analysis was used by the Board in their decision-making; however, there were no records to support this statement. Similarly, the same two respondents said that

break-even analysis was also used - again there were no records for these. The actual financial statments according to three respondents were compared on an irregular basis with their projected budgets. The fourth respondent was not aware of this as she did not attend all the Board meetings.

The owners did not have any special mechanism to keep a check on the performance of the manager and staff, except for their monthly meetings and infrequent visits by a Board member to the CHUMS office.

(2) The second party-at-interest was the employees. The project manager was responsible for book-keeping and had to submit the monthly budget reports to the CAC, which in turn were submitted to the CDP (Community Development Project) of Canada Employment and Immigration Department.

One of the respondents stated that they did not have any difficulty with their accounts receivable because all their accounts were paid. They had six thousand dollars in their bank account on closure, which, the respondent added ruefully, was not enough to carry on with the project. All invoices, correspondence and monthly budgets were filed by the manager. Single entry method of book-keeping was used for the project. In the written final report submitted by the project manager to the CDP - the manager had requested the government departments to teach future community ventures the basics of book-keeping and banking procedures. All three project managers, according to one respondent, lacked expertise in accounting.

(3) The third party-at-interest was the government departments. Since CDP of Canada Employment and Immigration Department is no longer

in existence, information on what the government agency thought about the accounting practices of CHUMS personnel could not be obtained.

(4) The fourth party-at-interest was the competitors. They all had a simple book-keeping system. Six respondents stated that they devoted several hours each week to the task of balancing all their books. One respondent said, "It is very important to update your books so that you know what your costs are." Another respondent periodically compared his projected budget with his actual expenses in order to monitor his performance.

The other parties-at-interest will not be discussed here, because they did not have any information on this section.

D. Review of Accounting Practices in the Three Projects

On the whole, the owners and staff were aware of budgeting, planning and cash control procedures. The owners had introduced new cash control mechanisms for their childcare programs. Now they knew where the funds were all the time instead of totally relying on the Directors of the programs. The Directors seemed competent and had up-to-date records of all expenses. There was an adequate level of book-keeping and budgetary control for their CHUMS project.

3. Capital

The two childcare programs and CHUMS project will be described and analysed in this section in terms of the capital criteria established in Chapter II.

Briefly stated, the criteria for judging the effectiveness of capital were: that there must be a written capital requirement list;

capital needs must be established by estimating the sales volume for the first year,and the initial start-up costs and monthly operating costs. There should also be a practical estimate of capital requirement for the following year or years. The organization must possess a strong working capital position, which is defined as being both adequate in amount and liquid in nature. A sound financial structure requires profit-making as a goal of the organization and a strong working capital position. It is prudent to cultivate good relations with bankers and creditors.

A. Daycare

(1) The first party-at-interest, the owners, stated that start-up costs had been estimated before embarking on the project. Their capital needs were projected by estimating the sales volume for one year, initial start-up costs and monthly operating costs. A written capital requirement list was drawn. However, no practical estimate for the following year or years was made. They received funding for equipment for the Daycare from a private, non-profit organization, the Clifford E. Lee Foundation.

They utilized approximately $50,000 or the $60,000 left over from a previous government grant they had received from NIP (Neighbourhood Improvement Program). Their Daycare is subsidized by the provincial Social Services Department. Before setting up the Daycare they received estimates from most companies that supply equipment and other supplies. After comparing prices they estimated the costs for renovation, overhead expenses, food, salaries, and operating expenses. Then they set up the budget for a year.

In order to determine the working capital position, the owners were asked if wages of staff were paid on time, were cash discounts availed of, was money available for new fixed assets, were funds set aside for advertising and sales promotion campaigns, was cash available to meet different contingencies that arise from time to time, and what was its ratio of current assets to current liabilities? All respondents answered in the positive to most of the questions. However, they qualified their answers by stating that since their Daycare was operating on a very tight budget and was a non-profit organization, it was not possible to allocate large amounts of money to advertising. Most of their advertising was done manually by the staff.

There was little funding available for fixed assets. They only had four thousand dollars in their bank balance. They did not have too many liabilities, hence their ratio of current assets to current liabilities was good. Their assets could be readily converted to cash, according to one respondent. She added, "They are not much - just the equipment and furniture at the Daycare." One respondent stated that since they do not have any collateral, they could not take out any loans. They only have an overdraft facility covered by the bank. However, this statement contradicts what the Director told the writer. According to the Director, they had taken out a loan to cover their overdraft of three thousand dollars last year.

The CAC had contacted community organizations and churches for equity capital, but received a poor response from them. One respondent attributed it to the community's apathy. Due to underenrollment problems, the organization was faced with financial problems. They were unable to obtain a loan or equity capital from the banks. Again, according to one respondent, it was due to lack of collateral. The respondents said that they had good relations with their banker. As mentioned earlier, the Daycare had an overdraft of three thousand dollars in October 1983. They took out a loan to cover their overdraft and had four thousand dollars in their bank balance by January 1984.

(2) The second party-at-interest, the employees, was interviewed next. The Director of the program stated that they had adequate funds for operating the Daycare. All wages were paid on time and their suppliers were also satisfied. She was able to take advantage of discounts. For example, the Director had purchased a bench for the centre and showed it to the writer. The other staff members reported that their wages were paid on time.

(3) The third party-at-interest was the government departments. Only those departments were contacted that were directly dealing with CAC for their Daycare program. The provincial Social Services Department was contacted and their personnel were interviewed. There was assistance available in the form of subsidy to children enrolled in the program.

The other parties-at-interest had no opinions on this section.

B. Out-of-School Care Program

(1) Information supplied by the owners in the previous program was also applicable to the Out-of-School Care Program. According to one respondent, the only difference was that this program received funding from three different levels of government - federal, provincial and municipal. They utilized the money left over from an NIP grant (a

three government level grant - federal, provincial and municipal - being operated by the Planning Department of the city), had assistance from the provincial government and the city for its working capital in the form of subsidies and grant. They also had an eight year lease with the School Board for both their programs at a nominal rent.

(2) The Director and staff members were the second party-at-interest to be interviewed. The Director stated that all wages were paid on time. During the course of the study, the centre was facing financial problems. The Director had to let go the Assistant Director. The Director said that she was running the centre on a very tight budget. They did not have enough money for additional fixed assets or for advertising and sales promotion campaigns. All her suppliers were paid on time.

(3) The third party-at-interest was the government departments that provide funding assistance to this program. The municipal Social Services Department is responsible for allocating subsidy to this program. They had consented to continue subsidizing the program for another year and had given them the licence to operate, because they felt that there was a genuine need for this kind of service.

The remaining parties-at-interest will not be discussed. They had no opinions or information about the funding of the program or about their financial situation.

C. CHUMS

(1) According to the Board of Directors of CAC, they had estimated their start-up costs for CHUMS. Their capital needs were estimated by projecting their initial start-up costs, monthly operating costs and

sales volume for the first year. This was done by surveying the prices for similar services by commercial companies in different parts of the city, and conducting a needs survey of their community. However, they did not have an estimate of capital requirements for the following year or years. They received funding from CDP (Community Development Project). This included an employment grant, which enabled CAC to hire five people on minimum wages - one project manager, one public relations man, two handymen, and one clerk-typist. The money allocated for other expenses had to be utilized for the expenses specified by the grant, and could not be used for any other purpose. The respondents complained that this was not a fair request. For example, they were allowed three hundred and twenty-five dollars for rent by the CDP Grant, but could not use this money because they had free space for CHUMS office. The owners said that they could have utilized the money for more effective advertising and for purchasing tools. They did not have a strong working capital position. They did not have any money left over from NIP for the CHUMS project. The working capital for CHUMS was not adequate in amount or liquid in nature. The CHUMS project was refused a grant for the following year. Therefore, due to lack of equity capital, they had to close the project. All Board members strongly felt that "lack of seed money" was the ultimate cause of CHUMS failure. Being an incorporated non-profit organization, they were unable to receive funding from the commercial sector.

(2) The second party-at-interest, that is, the employees, also cited lack of funding as causing CHUMS closure. One respondent stated that the grants allocated by the government were too meagre to really make

the project successful. They could not afford to pay the staff adequate wages and therefore, had to contend with unskilled and inexperienced staff. One respondent stated that it would have greatly helped if they had overdraft coverage at the bank for their project. Sometimes there was a delay in receiving the cheques from the government and payments to creditors had to be delayed. They were unable to establish good ratings with the banker and creditors. According to one respondent, "We lacked the know-how - nobody was there to give us direction."

The other parties-at-interest, that is, the customers, government employees, community residents and competitors did not agree with CAC's reasoning for their closure. All respondents felt that lack of capital could have contributed to its closure, but was not the main reason. The majority of respondents speculated that lack of need and mismanagement might have been the ultimate cause of their failure. One competitor bluntly said, "We didn't have the government to support us, but we manage to survive on our own." One government employee strongly felt that the CHUMS project could not have survived even if it had received funding for an additional year or years, because of CAC's "lack of clarity of goals and gross mismanagement".

D. Review of Capital of the Three Projects

It seemed evident from the interviews and observations of all three projects that they did not correspond to the criteria listed for effective capital requirement in Chapter II. Their financial structure seemed shaky. They are too dependent on government grants for their working and operating capital. Their very existence is threatened if the government grants and subsidies are withdrawn, as evidenced by CHUMS project.

4. Goal Clarity

The owners, staff and customers of the three projects of CAC were interviewed for this section to determine if there was clarity and consensus of goals. To judge the effectiveness of goal clarity, the following questions are listed in the criteria in Chapter II: Are there clearly stated goals for the organization? Has past performance of the organization conformed to its stated goals? Are goals understood to be the same by both management and staff? Is profit regarded as one of the goals of the venture?

A. Daycare

(1) The first party-at-interest was the owners. It was interesting to note that some respondents felt that the goals and objectives of this program were unwritten, whereas one respondent stated that the goals were written in the by-laws of the program. All respondents agreed that the primary goal was to provide quality childcare. The objectives of the program were classified by all respondents as social and educational - they felt it was educational for children to attend the Daycare and to be prepared for school, and it was socially important for them to interact with children their own age. Two respondents felt that an additional important goal for the program was to keep their expenses down, so that they could keep childcare expenses low for parents. Another respondent said that in her opinion there were two important goals for the program apart from providing quality

childcare. One was to provide employment opportunities for residents of the community, and another "nebulous goal" was to attract young families to their community by providing these facilities.

The goals for the Daycare had not changed drastically since its inception. They had broadened in scope only, according to all respondents. The Daycare was now open to children from other communities. One respondent said, "We had hoped to expand within six months of operation, but ever since we opened the Daycare, it has been a struggle to survive." The owners were all of the opinion that to a great extent the past performance of the Daycare had conformed to its goals of providing quality childcare. To achieve this goal, the owners were providing the staff with incentives to upgrade themselves.

(2) The staff was the second party-at-interest interviewed. All staff members felt that they were there to prepare children for school. Other goals for Daycare, cited by them, were to teach children skills that their parents could not teach them, for example, reading, writing, good manners, sharing, and getting along with each other, and to instil in them a sense of responsibility.

(3) The parents were an important party-at-interest. All eleven respondents interviewed stated that they were satisfied with the Daycare. It approximated a great deal to their expectations of what a quality daycare should be. All parents stressed that it was essential that there must be effective communication between the staff, children and parents. For example, one parent said, "The staff must get along with the parents and the kids should get along with the staff. The staff must understand the children and work with them." All parents

stated that it was important to keep the children involved in crafts and in other creative and stimulating activities. Provision of hot, nutritious and balanced food, by the Daycare, was a plus factor for them.

B. Out-of-School Care Program

(1) The owners, with the exception of one respondent, again stated that the goals for their program were not written down. The respondents said that the main goal of their program was to provide quality child care for children between the ages of six and twelve years in Calder. They had to broaden their scope of service, as in the Daycare, to include children from other communities. There were more children from outside Calder than from within. The other goals cited by the owners were the same as those cited for the Daycare.

(2) The staff was the second party-at-interest interviewed. The Director of the program stated that in her opinion the main goal of the program was to keep the children off the streets by providing them with "love, care and fun". The Director had a written list of goals embodying her philosophy of providing the children with love, care and fun. The list includes such goals as building up the self-esteem of children, respect for oneself as well as for others, sharing with others, opening communication between staff and children, creating an informal and away-from-school atmosphere, enhancing creativity in all areas, and accepting criticism, affection and compliments. The staff member said, in his opinion, the main goals were to keep the children occupied in a positive way and to help them get along with each other. In addition, he felt that one of the goals of the program was to

provide babysitting services.

(3) The third party-at-interest was the parents of the children enrolled in the program. On the whole, none of the six parents interviewed expressed dissatisfaction with the program or its management. They particularly stressed their satisfaction with the fact that a great deal of emphasis was placed on different activities such as arts and crafts, sports, twice a week visits to the gym and field trips. One respondent said, "I know of at least two after school care centres that make the children spend most of the time in front of the television." One respondent, however, was not too enthusiastic about the program. She wished there was more choice available to her. Her child attended the program because it was the only one in that area and it was convenient because her child attended the same school. Four parents expressed their satisfaction with the good discipline maintained by the staff. Two respondents stated that they appreciated the fact that there were male teachers in the afternoon - being single parents, their children missed male influence and guidance. Two respondents wished hot lunches could have been supplied by the centre. One respondent said that her children found the program "too structured and boring" - but she quickly defended the program by stating "You cannot please everyone."

D. CHUMS

(1) The Board of Directors stated that the main goals of CHUMS were twofold: Firstly, to provide home maintenance services for seniors in their community, for lower prices than the commercial rate. Secondly, to establish a profit-making business in the community. They wanted

the project to generate profits, so that they could expand and provide better services to seniors in their community. However, all respondents made it clear that being a non-profit organization, they did not want to generate profits at the expense of the social services. According to one respondent, "Social gains are more important than financial gains." However, they had to change their initial goals by making their services available to all residents in their community, irrespective of age. They did not have the goals of the project written out anywhere except in its by-laws, as stated by one respondent.

(2) The staff of the project were not too clear on the goals of the project. One respondent said that their services were geared to seniors and low income families. Another respondent said their services were available to the general public, and the third respondent was not too sure of their goals, apart from the fact that they were providing home maintenance services.

D. Review of Goal Clarity of the Three Projects

On the whole, the writer observed that the owners and employees of child care programs had an implicit understanding of the goals of the programs. There was no confusion about the main goal of their childcare programs. However, because the goals were unwritten, all respondents placed different emphasis on the other goals cited for their programs. To some respondents it was more important to keep expenses down; others felt it was important to prepare children for school; and some staff members felt that their primary goal was to provide babysitting services. The parents of children, in both the childcare programs, expressed their satisfaction with the programs. Except for minor grievances in the Out-of-School Care Program, this party-at-interest felt that the programs were achieving their goals of providing quality childcare.

In the CHUMS project there was definitely a lack of clarity of goals. There was confusion in the minds of both owners and staff. Some perceived it as being first and foremost a venture to provide a profit-making business in their community. However, these same respondents said that since they were a non-profit organization, they went into business not just for profits but to provide a needed home maintenance service to seniors in Calder.

The staff of CHUMS were also confused about the goals. Though the goal of the project, as perceived by the owners, was to provide services to seniors in Calder and later on was broadened to include low income families in their community, the staff were not too sure of these goals. The result was, they were using wrong strategies. For example, they were advertising in other community league papers in the hope of generating some business. They were also distributing flyers about their projects, folded in the community newsletter which was going to 1,800 homes, irrespective of age or income bracket. Another goal of the project was to provide employment to community residents. The CAC could not adhere to this goal because it had to hire some staff members that were recommended by Canada Employment and Immigration Department. One Board member commented that they had to rely on strangers who did not know the community.

5. Government Involvement/Commitment

In this section the all important role of government commitment and involvement, with respect to communities embarking on economic development projects, will be analysed by reviewing the data on the three projects of CAC.

A. Daycare

(1) The first party-at-interest, that is, the owners, stated that they had explored the various government programs - federal, provincial and municipal, for setting up their childcare programs. Funding was available in the form of subsidies to families through the provincial government. They found that the government departments they were directly dealing with, cooperative and helpful. Workshops were organized by the provincial Social Services Department to help directors and treasurers of non-profit organizations. The CAC and CCC members found these workshops most helpful. There were Daycare Consultants available to guide the directors and staff in setting up their programs. At the provincial level, childcare programs are inspected regularly by the Health Department and Fire Department for health and fire safety and reported to the licencing officer. The toys and equipment on the licence are also inspected. The actual program of the daycare is also evaluated by the province. According to one government employee, before opening a daycare, the owners are required to submit a detailed program plan to the provincial Social Services Department. The licencing officer then evaluates their program according to their plan. If there are problems, such as staffing standards, job descriptions, working with staff and children, then the

consultants of Social Services Department would step in. There is no set evaluation tool used by this department. The daycare regulations have to be enforced by the licencing officer of the provincial Social Services Department.

The owners of Keyano Daycare said that they were aware, to a certain extent, of assistance available to them through various other departments of government. After investigating some sources, one respondent stated that they discovered that they were not eligible for most grants, because they had already received a federal grant through NIP for a previous project. All the respondents stated that they had to abide by certain licencing regulations but there was no set procedure for evaluating the programs of daycares by the Social Services Department. Three respondents boasted of having "A-1 ratings so far". However, at the conclusion of the study the writer was told that a consultant from the Social Services Department was visiting the Daycare. "She has suggested some changes in our furniture arrangement and equipment, which we will consider", was the comment of one respondent. On the whole, the writer felt that the owners were satisfied with the government involvement in their childcare programs.

(2) The second party-at-interest, that is, the employees, stated that they did not have any problems with the government departments associated with the Daycare.

(3) The third party-at-interest interviewed was the government agencies and their personnel directly involved with the program. These were the Social Services Departments, both provincial and municipal, and School Board employees. Assistance was available from the Social

Services Departments in the form of funding, personnel help and guidance in the operation of the program. Initiation workshops were organized by provincial Social Services Department to familiarize the new directors with the operation of a daycare. The same department had helped CAC streamline its budget. Government employees interviewed stated that they believed in the philosophy of community economic development. One government employee, however, resented the fact that valuable school space was leased to CAC for a daycare program. This respondent stated that the CAC had not been able to pay its first two years of rent to the Public School Board.

The remaining parties-at-interest did not have any opinions on government involvement in community ventures.

B. Out-of-School Care Program

(1) The first party-at-interest interviewed was the owners. Their opinions about the involvement of government agencies pertaining to this program were the same as for the Daycare program. They praised the municipal Social Services Department for being "sensitive" to their community's needs. In spite of consistent underenrollment they were allowed to operate for another year. Their program was listed as a municipally approved rogram for the north-west part of the city.

(2) The second party-at-interest interviewed was the government departments and their agencies that were directly or indirectly involved with the operation of the Out-of-School Care Program. All respondents believed that the program was excellent. All respondents, except one government employee, believed that good care of children between six and twelve years of age was definitely required in that

area which, according to one respondent, was a high crime area with many families at the lowest socio-economic level. However, one government employee felt that this program would not survive for long because of lack of support by the Calder community for such a program.

The municipal Social Services Department did not provide any funding apart from subsidies given to children enrolled in the program. However, the Department made community organizations aware of funding available through other departments. They preferred to refer community groups who needed help with such things as marketing and accounting to organizations with relevant expertise. Another employee of Social Services Department stated that the only policy they are strict about in the childcare programs is that no corporal punishment be given - though they have no legal authority to implement it. For private businesses, the Department subsidizes children but otherwise they have no contact with management. "The private business likes to be left alone", according to this respondent. Most of the non-profit out-of-school care programs are municipally approved and have to meet certain standards of policy statements. However, the government has no legal authority to get them to conform to those standards or of allowing their programs to be evaluated.

During the course of the study, the Social Services Department was in the middle of reviewing policies. Counselling services are available to non-profit organizations by the Social Services Department. They tend not to have the same services for private organizations. There are strings attached to non-profit organizations, according to one respondent. For example, parents must be allowed to drop in, fees have to be reasonable, policies with regard to how to discipline children are approved by the municipal consultant. No standards are enforced on the private sector.

The remaining parties-at-interest were not considered to have any relevant opinions on this topic.

C. CHUMS

(1) The Board of Directors of CAC was the first party-at-interest interviewed. All respondents felt that they had a unique idea for providing home maintenance services to seniors in their area, but unfortunately they lacked the expertise to operate it. The respondents strongly believed that CHUMS could have succeeded if there had been more government commitment to their project by funding them for another year at least. Furthermore, the Board members felt that more government involvement in the form of providing guidance and training in how to operate a business venture, could have saved their project. In 1981, when CHUMS was started, there were no government programs such as CASE[3], for providing guidance and counselling services. The CAC had to rely on its Board for their limited expertise. The owners complained that the commitment of government to such community economic development projects could be ascertained by the meagre funds that were made available to them. Had they received adequate funding, the respondents stated, they could have hired qualified staff.

(2) The employees of CHUMS was the second party-at-interest interviewed. They too felt that lack of government support for the project was one of the crucial factors leading to CHUMS closure. One respondent said that after struggling for one long year to establish

themselves, they had eventually established a regular clientele. They had formed strategies of reaching their original population target, that is, the seniors of Calder. But unfortunately, they had to close their doors because they were refused funding for another year.

(3) The third party-at-interest was some of the government departments and agencies at the provincial and municipal level who provide assistance to community ventures. The departments contacted were provincial and municipal Social Services Departments, Canada Employment and Immigration Department (Employment Division), CASE (it is the SB assistance branch of FBDB), Edmonton Economic Development Authority, Housing Authority and a government employee of Alberta Heritage Fund (Mortgage Scheme and SB). All respondents interviewed felt that c.e.d. was definitely required in today's hard economic times. There were programs and projects planned for regional economic development but hardly any for community economic development. There were federal grants available through a program called New Horizons that provided start-up and equity capital for programs and projects dealing with senior citizens. This could have been utilized by CHUMS project. There was assistance available in the form of grants from these departments to community ventures, but they had to fulfil certain criteria to be eligible. Funding was also available through different programs set up by other government departments, but again it was qualified for specific projects or programs. For example, New Horizons, mentioned above, is a federal program set up to assist any projects that deal with senior citizens. LEAD (Local Employment Assistance and Development Program) is one of the federal programs

designed to encourage and contribute to local employment in localities of chronically high unemployment. Unfortunately, CHUMS would not have been eligible for assistance from this program as it is only applicable to organizations situated in communities with a population of less than fifty thousand.

D. Review of Government Involvement/Commitment in the Three Projects

On the whole, the writer felt that there was adequate government involvement and commitment to programs dealing with a social service orientation, such as the childcare programs. However, there was not enough government commitment and involvement to community groups embarking on business ventures such as CHUMS. This observation of the writer is supported not only by the opinions of different parties-at-interest, but also by a research study done in 1977 on "The Financing and Implementation of Community Development Programs by the Alberta Government". The study found that over a nine year period, appropriations by the Alberta government for community development programs were characteristically low, approximately three percent or less of total budget appropriations. The researcher further states:

> ...When viewed from a nine year perspective, this low figure shows only slight variation. However, some changes in program emphasis is noted over this nine year period. Funding that was formerly directed to "Human Resources" programs has since been reallocated to programs having more of an education emphasis, such as ACCESS and students' assistance.[4]

It is strongly felt that more government commitment at municipal and provincial level is needed to community projects, not only for funding but also assistance in some of the crucial areas of operating a

SB is required. Community development corporations or other community groups embarking on ventures are composed of volunteers who lack any expertise in crucial areas of management, marketing, accounting, capital and goal clarity, so this additional non-financial support is crucial.

6. Management

In this section, the three projects of CAC will be discussed and analysed in terms of the criteria established in Chapter II. The most important criterion established was the quality of management itself. Management must be responsive, flexible, possess certain characteristics such as communications ability, human relations ability, technical know-how, drive and thinking ability. Apart from this, certain procedures are listed in the criteria list for enhancing effective management. These are the formulation of a Business Plan, or any other Plan, embodying the goals, objectives and capabilities of ownership and management, development of concise operational plans focused at achieving the goals, and conversion of plans to budgets and marketing plans. Other important criteria were that management should be able to read and understand financial statements, it should be able to decide on the organization's personnel needs, consider the role that human relations plays in creating the business' image, and develop long-range plans and an effective control system. Management should also decide on the kinds of communication it intends to use with the staff.

A. Daycare

(1) The first party-at-interest was the owners. Interesting information on the management of Daycare was elicited from this group. As stated earlier in the goal clarity section, there was a consensus of goals for the program - the primary goal being provision of quality childcare. There was some confusion as to the written objectives of the Daycare. They were in the process of formulating goals and strategies for their CCC which would be in a manual form. They did not have a formalised written Business Plan or any other Plan for the Daycare, encompassing their goals, strategies, marketing and financial plan. The owners said that they were working on formulating an "Overall Plan".

As discussed in the Accounting Section, the financial aspect of the Daycare had also undergone changes. Previously, the financial statements of their childcare programs were audited once a year by an accountant on CAC Board for a nominal fee - but this provided the CCC members with superficial information. Also, before this there was no check on budgets. The committee did not know much about the financial situation. All the respondents answered in the positive when asked if they were able to read the financial statements. However, responses relating to the question that did management make its decisions in the light of financial analysis, were varied. Some respondents replied yes, and others appeared more open and honest in answering the question. They said that although sometimes they felt that certain expenses were too high, they did not really make any decisions on the basis of financial analysis, "till the problem got out of hand". It is only since January of this year that detailed monthly and date to year budgeting has helped them make better decisions. Again, mixed responses were elicited to the question of the Board's application for outside assistance for improving their understanding of financial analysis. Some respondents replied they did not need to, whereas others said yes, for their Daycare program they applied for assistance to Social Services Department for suggestions to help "streamline and not set up" a bookkeeping and recording method. They then did a detailed financial breakdown and budgeting with the help of an accountant on the Board of Directors of CAC.

The "owners" had investigated most sources of financial assistance, both for capital funds and operating assistance. Again, due to lack of a written Plan, respondents gave different answers to the question dealing with long-range planning of the program. Some respondents said there was no long-range plan, whereas others stated, it was to keep the program running, and to expand childcare services for the under two years age group. Answers to specific questions such as where would they like the program to be one year from now and five years from now were unanimous. They all hoped that one year from now their program would be still operating with improved and qualified staff, higher enrollment, so that "we can keep our childcare up and costs down", and include a few more goals for the CCC. All the respondents refused to even speculate where the program would be five years from now.

The respondents expressed their satisfaction over the new control system to check the performance of their personnel. They have introduced some formal and informal checks over the functions of the staff. As discussed earlier in the Accounting Section, formal checks include such activities for example as one committee member co-signing the report submitted to the government, of the number and age of children attending the program, and the number of hours of their attendance. The daycares are granted an operating allowance per child by the province. The committee member goes over the attendance chart. This measure of co-signing the report had to be introduced after management realized that they were being cheated by an ex-director of their daycare who, according to one respondent, "was not only ripping us off, but the government as well". They suspended the director and brought down their grocery bill from five hundred dollars (according to one respondent) and seven hundred dollars (according to another member) to three hundred dollars. Apart from co-signing the attendance chart and their detailed expense account, they have informal checks on their personnel. One of the committee members or any Board member may visit the Daycare at any time. They talk to parents to determine if they are happy and if parents have any complaints they are brought to the Committee's attention. One of the committee members has her children enrolled in the Daycare and visits daily. Another committee member works in the Daycare part-time on a voluntary basis.

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The Board members and CCC are responsible for hiring and evaluating staff. There was an open two-way communication between the staff and the Board, which was described by the respondents as "non-authoritarian", "open", "facilitative" and "consultative".

All the respondents interviewed stated that their program was achieving its objective of providing quality childcare. Most respondents stated that their major achievements were in starting and operating a quality childcare program which, according to one member, "has A-1 ratings from the Licencing Board", and provide employment to community residents. They stressed it was the outcome of hard work and planning to create a learning and pleasant environment for children. Two respondents added that these achievements could not have been made possible without the chairperson of their Board, who to them was the catalyst and motivator behind the whole organization.

The main problem faced by the "owners" was its underenrollment and retention of staff. Underenrollment made it difficult for them financially. Another major problem pointed out by two respondents was that the committee members were not as involved or committed as they should be. According to one of these respondents, "They are not as active as they should be - that is the difficulty with voluntary workers. We put too much trust in directors and it didn't work out."

The "owners" are content with the qualifications of their staff. Since there are no standards set by the municipal or provincial governments with respect to the qualifications of the staff, CAC has stipulated certain standards. A contract was drawn between the directors of the two childcare programs, Daycare and Out-of-School Care, and CAC Board. It states that the Director must have Early Childhood Education diploma and experience, or the Director could take a course to upgrade herself and have experience in childcare. The CCC discovered that the standards demanded by CAC were too high, as CCC members said that hiring of qualified and experienced directors meant high wages would have to be paid, which the CCC could not afford. Their present Director who took charge in September 1983 had experience but lacked qualifications. She was attending night school to upgrade herself.

In response to the question on the strategies used by management or the "owners" to implement their goals, all respondents replied that they were improving themselves and the staff through courses at a local college and attending seminars and workshops organized by the city. Another strategy pointed out was providing staff with manageable tasks. The chairperson said that they believe in management by objectives philosophy. Other strategies used were monthly meetings of CCC where any problems of staff and children were discussed and resolved. Financial situation was also discussed in these meetings. Action programs were discussed during these meetings for raising money for summer activities, marketing strategies, and issues dealing with the wages of staff. When they hired the new Director her wages were frozen till recently. This way, the savings made were passed on to the parents, by keeping their costs down.

The writer felt that on the whole the Board of Directors of CAC and CCC members were dedicated to their cause of providing quality childcare. Their chairperson was the catalyst behind the organization - an amiable, persistent and inspiring lady.

(2) The second party-at-interest interviewed was the "employees" or the paid workers of Daycare. These were the Director of the program and three childcare workers. As mentioned earlier in the section on "owners"' opinion of management of Daycare, there are no written goals

and objectives of the Daycare. There was no confusion in their strategies for achieving the goals. According to one staff member, one of their objectives was to prepare children for school. The strategy used to implement this objective was to teach the children the alphabet, numbers and how to spell their names.

There was a clear cut division of work for all the staff members. An open two-way communication between the staff and director existed. There was "non-authoritarian", "consultative" and "open" communication, according to the employees. The staff stated that they were satisfied with their jobs. However, one respondent said that it had "its ups and downs". This was clarified by stating that the pay was very low.

The Director said that the CAC and CCC members were easily accessible. She attended their monthly Board meeting when all the problems and financial situation pertaining to the Daycare were thoroughly discussed. The main problem that the Director faced was a high staff turnover. She was unable to obtain qualified and experienced childcare workers.

The Director evaluated her program by making short-term goals and then checking them out the next day. With the guidance of CAC she had been able to pull through some difficult times.

The Director felt that the daycares are a necessity in today's times. According to her, "They are good for children where parents have to work, and not for affluent families who have four cars!" She felt that daycares were especially useful for single parents. She saw herself and other childcare workers as substitute mothers for the children in her Daycare. The Director had no written plans for the future. She wanted to expand the Daycare in the near future by renting two additional school rooms. This way more children could be enrolled in the program. This would enable them to do more in terms of outdoor activities - example, rent a bus and take the children to the zoo. At present, the Director had to depend on friends and parents for transportation. It is worth noting at this point that the Director exhibited a lot of enthusiasm and fervour when discussing the future plans for the Daycare. The fact that the Director was planning on further expansion of the centre in spite of the fact that they had been underenrolled, struck the writer as an ambitious goal.

The writer was always welcomed by the Director and it was possible to observe the program during different hours of the day. There was a friendly atmosphere. The children were under control - they seemed happy and cotent. There was apparently no confusion about management responsibilities and functions.

(3) The third party-at-interest was the parents of children in the program, or the "customers". On the whole, eleven parents were interviewed (parents of fourteen children). Most of the respondents were satisfied with the program and its management. When asked why their children attended this Daycare, the most common answer given was convenience of location. The next most common reason given, for enrolling the children in the program, was provision of hot nutritional lunches. Parents were satisfied with the staff who, according to most respondents, were always planning stimulating and creative activities for children. They were always welcomed in the Daycare, whenever they chose to drop in. Some of the parents are on the ChildCare Committee

of CAC and these parents stated that considering the wages of the staff, they were working very hard. They were impressed with the fact that three staff members were upgrading themselves. Two parents were not happy with the physical layout of the centre - they thought that the furniture arrangement could be improved. "It is crowded and cluttery," according to one respondent, "but I suppose you cannot ask for everything."

(4) The fourth party-at-interest was the residents of the community. All five respondents were aware of CAC's childcare projects. They all stated that the very fact that the Daycare had been operating for the last three years meant that there was a definite need for this kind of a facility. However, one respondent ventured to say that he thought the project was not a viable one since it had not met its stated objective of twenty-five children. He blamed it on poor management and marketing strategies of CAC and Director of Daycare. The other respondents were not intimately aware of management practices of the Daycare as they were not on the CCC Board, nor did they have any of their children enrolled in the program.

(5) The fifth party-at-interest was the government and its agencies. The departments contacted were the provincial and municipal Social Services Departments and School Board employees. This party shed a different light on the management of the centre. One government employee said that the Keyano Daycare needed a proper program evaluation, which had never been requested by CAC. A Provincial Social Services Consultant was working with the staff at the Daycare. According to one respondent, the biggest problem with this program was

lack of qualified and experienced Director and staff. The same respondent said that the program was poorly structured and required improvement. "They have poor toys and equipment", according to another respondent. This respondent felt that the parents would much rather put their children in another daycare and pay a little more if that daycare had better toys and equipment. The same government employee said that most daycares were filling up and Keyano might too, but this would not be due to their facilities, which the respondent thought were mediocre. According to this respondent, Keyano would fill up because it was close to work or home, or because of general improvement in the economic climate. Furthermore, according to the same respondent, Keyano was not financially viable. Twenty-five children was the maximum capacity for Keyano. A good reasonable number to survive and break even was forty or forty-five children - "Keyano is not in that league. If they don't have full twenty-five children, they are nothing. They must spiff up." Another respondent felt that trained staff was very important and especially a qualified Director who could turn things around for them. According to this respondent, the management and staff were not receptive of the Consultant's suggestions to improve their program and layout.

One government employee who is closely connected with the CAC and its various projects felt that the CAC Board members were "too dogmatic and inflexible". They did not think of consequences. For example, their needs survey of Calder prior to opening the Daycare may have shown that there was a demand for such a service, but, according to this respondent, needs changed. They did not determine if there would be a need for such a program two years or even one year from the survey. This respondent was of the opinion that daycares should not be located in schools, which should be used for education only. By locating such programs in schools, maintenance costs for this space are increased, which is an additional drain on the taxpayers' money. The writer felt that this respondent was against the two childcare projects of CAC - he had a strong bias against the existence of such facilities. For example he stated, "Daycares should exist only for single parents where the mother has to work," and "A child is best looked after by his mother and not in such facilities."

One government employee said that there was never a need for this kind of service in Calder. The respondent substantiated this statement by revealing the information that Keyano Daycare had been unable to pay their first two years of rent, and still owed the School Board that money. They never achieved their enrollment of twenty-five full-time students. In fact in its first two years of operation it only had seven or eight children enrolled in the program. Even at present they only had ten full-time students and five or six children were part-time. According to this respondent, "They are a financial drag - barely eke out enough to survive." This respondent stated that the Board was unable to hire qualified staff and Director because of the minimum wages they offered. This government employee spoke highly of the previous Director. He predicted that Keyano would close down within five years which would partly be due to the economy and the high transiency rate of the area. The respondent emphasized the word "partly" to indicate that poor management and insufficient need would be the main causes of failure.

(6) The sixth party-at-interest interviewed was the "competitors" or other daycares operating within close proximity to Keyano. Ten daycares were visited and their directors interviewed. Out of these ten daycares, four were privately owned, profit-making organizations. Two of these private daycares were in the process of opening another daycare in different parts of the city. The remaining six daycares were non-profit organizations that were owned by the church or were community ventures with concerned parents and volunteers on their Board of Directors. The writer observed that the qualifications of the staff, structure of programs and physical layout of non-profit, community-owned and church sponsored daycares was, on the whole, better than the private daycares. The directors of all these non-profit daycares were qualified with two year diplomas and years of experience as childcare workers. The staff of these daycares were also qualified with the exception of one daycare where four childcare workers had no qualifications and only one staff member had a six weeks certificate in early childhood education. On the other hand, the privately owned daycares that were operating strictly as a "business with a social element" were poorly planned, and their staff lacked proper qualifications - no training or experience. In only one private daycare, both the staff and director had two year diplomas in early childhood education and experience as childcare workers. This daycare was a definite success - it was operating at full capacity of forty-six children and had a waiting list. The owner was in the midst of opening another daycare in the city. The enrollment in the non-profit daycares

was full or nearly full. They had a good child/staff ratio. Only one church sponsored daycare was facing enrollment problems. They were licensed for forty children and had twenty-five full-time students. The director blamed it on poor economy - parents losing jobs or moving to another part of the city. However, the writer discovered that none of the staff members had diplomas - only one staff member had a six week certificate in early childhood education. The management in five of the six non-profit daycares had clear and concise goals and strategies for obtaining them. The children were happy and content. There was clear cut division of work. The atmosphere there was pleasant. These programs were not only surviving but were definite successes. Success here is measured not by the traditional measure of success, that is profit, but in terms of the fact that they had achieved their goals. The directors of these programs were efficient, sure of what they wanted to do and had a cheerful disposition. All of them had encountered difficult situations in the past but were able to pull through.

One director who was responsible for operating the daycare and an out-of-school care program, pointed out that the basic philosophy of private daycares and non-profit organizations is totally different. The private daycares are in the business to make a profit. It was against her philosophy and that of other non-profit organizations to make a profit out of the care of children (the same sentiments were expressed by some respondents in the Social Services Department). This respondent explained, "When you start thinking about only profits, then quality of care suffers. The private daycares are willing to take untrained staff, who have had no training in early childhood development, or at the most have a six weeks certificate. Sometimes even the director lacks any qualification. Unfortunately they have government backing and are able to do whatever they please." Thus, according to this director, private daycares can pay less wages to their staff because of their lack of training and have low standards. They have a higher turnover of staff because of low wages. Another director of non-profit daycare commented, "All that the private sector is concerned about is making profits to go into their pockets. You cannot run childcare programs like this."

It was interesting to note that all directors, except two, did not like the term "competitors", because according to them they were not in the business of competing for services, but were there because of a legitimate need. However, all the directors had up-to-date information on what the other daycares in their area were doing in the form of program structure, what they were charging, and whether they served hot lunches or not.

Eight out of ten daycares interviewed were aware of Keyano Daycare's existence. Mixed reactions were elicited from the directors, when asked what they thought of Keyano. Six directors had only the basic information on Keyano about their fee structure and whether they served hot lunches; two directors were aware of enrollment problems of Keyano. One director blamed the economy for it and the other director said, "If a program is not being run well, blame it squarely on the director."

B. Calder Out-of-School Care Program

(1) The first party-at-interest to be interviewed for this program were the "owners", or the same Board of Directors and Child Care Committee members as for Keyano Daycare. Most of the questions asked by this party-at-interest were similar to the ones asked in the previous section on their opinion of management of Daycare. Thus, only those responses will be discussed that are markedly dissimilar from the daycare section. As mentioned earlier in the capital section, the city subsidizes the children in the program, and it is therefore under its jurisdiction. The city had asked management to prepare and submit a detailed statement of their budget. Previously, the "owners" were not aware of the actual specifics of the expenses incurred, or what the financial situation was. The owners decided to go through the same exercise for their Daycare program too - hence, the monthly detailed budgeting for the Daycare.

The owners used the same mechanism for supervision of the staff as used in the Daycare. Method of evaluation was also similar to the Daycare program. All respondents replied that the major achievements of the program were provision of quality childcare and keeping the children off the streets. Some of the responses were, "We provide total care of children", "Our program is geared towards mental, physical, social and emotional development of children."

The problems faced by this party-at-interest were more or less similar to those they faced in respect to the Daycare. Their main problem was underenrollment. They faced many financial crises and were unable to retain full-time qualified staff, because they could not afford to pay their wages. Another problem pointed out was apathy on the part of parents. They did not want to enquire about or enroll their children into the program. Parents did not want or were too engrossed in their own lives to investigate into such projects. The owners were a dedicated group. They were committed to providing this kind of service in their area. In spite of heavy odds, their persistence and hard work were paid off. Due to consistent underenrollment they were facing the prospect of closure of the Out-of-School Care Program. The owners, as discussed in the marketing section, conducted a survey, collected information, thought out different strategies of saving the program, consulted with the supervisor of their local Social Service Centre, and were finally able to succeed in obtaining from the city another year's licence to operate. The chairperson of the CAC was a very hard-working and inspiring lady. Before they learned of the city's decision, the chairperson confidently said, "We will not let the childcare programs die!"

(2) The second party-at-interest contacted was the employees. The director of the program and one part-time staff member were interviewed. It was not possible to contact the second staff member. The writer was able to observe one of the part-time helpers of the Director. She was a Grade Nine student who helped the Director in serving lunch to the children and in cleaning up. The Director of the program was qualified with years of experience as a childcare worker. Her objectives were written out. She had a planned and structured program. This Director was totally committed to providing out-of-

school care to children. Commitment of the employees to the program could be judged by the fact that they were willing to take a cut in their already basic salaries in order to keep their program alive.

The roles of the staff were clearly spelled out. The Director was responsible for planning the program, and the staff implemented it, together with the Director. The Director said that there was an open, two-way communication between herself and the staff. This was corroborated by the staff member interviewed. The Director reported that there was a good rapport and open communication between herself and the "owners". They were easily accessible. The Director attended their monthly meetings and presented a financial report. They discussed their financial situation and any problems - strategies were formulated for dealing with the problems. Program planning was done by the Director. She emphasized that "consistent evaluation is crucial to the survival of such a program". The Board evaluated the Director, and the Director was responsible for evaluating the program and the staff. This was done, according to the respondent, "by keeping very close tabs on all that's happening". Her evaluation techniques included on-the-spot evaluation - talking to parents and staff, listening to children's responses, and organizing parent/teacher quarterly meetings. The staff is evaluated according to a written schedule every three months when first hired, and then every six months.

Both the Director and the staff member interviewed said that the main achievement of their program was the fact that they held "high standards". This was explained by the respondents as not allowing any swearing or cursing by the children, reinforcing positive behaviour and providing the children with love and care. The Director replied with great feeling to the questions, "Why should society allow you to survive" and "Do you think it is worthwhile to operate the program." She justified the existence of her program and other similar programs by stating that society these days was beset with problems. There were too many single parents. There is a high teenage suicide rate and drug addiction. According to her, it was important for such programs to survive - "they teach kids that it is important to get along with each other. They learn about loving and caring and have someone to talk to."

The writer felt that the Director and her staff were committed to the program. They had clear cut goals and strategies to achieve them. However it was observed that they were overworked.

(3) The third party-at-interest was the customers or parents of children in the program. The six customers interviewed were satisfied with the program. They thought that the program was managed well. One respondent felt that though the staff were helpful and thoughtful, they seemed overworked. This observation bears out with the writer's comment above of the staff being overworked. As mentioned in the marketing section, convenience of location was the primary reason cited by all six parents for choosing this program. All respondents were happy with the structure of the program and its management.

(4) Community residents was the fourth party-at-interest to be contacted. They were the same set of people interviewed for the Daycare. Once again they were aware of the facility and thought it was an "excellent idea", "much better than letting them (children) run

amuck on the streets". They did not have any information on the management of the centre.

(5) The fifth party-at-interest interviewed were the government departments and School Board employees. Only those agencies were contacted for this section that were directly or indirectly associated with the management of the Out-of-School Care Centre. All the respondents in this category agreed that the concept of out-of-school care is excellent. According to two respondents, the fact that the program is facing difficulties was attributed to mismanagement, and an insufficient need and support by the community for this kind of service.

Another government employee blamed the management of the program 5 and its Board for not being able to cope with the problem of underenrollment. She pointed out that management must recognize its problem that group care is not financially viable for the organization. They could meet the need - which she said was a small need, since only fourteen children were enrolled in the program - in a different way. There were many alternatives open to CAC. For example, the respondent suggested Home Care as versus Group Care - instead of incurring huge expenses of renting space, hiring a big staff, having good expensive toys and equipment, children would be much better off to go to individual homes where the homemaker would look after the children. The CAC, if truly interested in providing childcare, could lobby the city for subsidized funding. The respondent said that this way CAC could save two hundred dollars per child. But, the respondent emphasized, the foremost priority for CAC management was to recognize that they had a problem and then try to resolve it by using new strategies.

Another govenent employee felt that the Out-of-School Care Centre's existence was justified by the very fact that fourteen children (albeit a low number) were enrolled, and this meant that there was a definite need for this kind of service by fourteen families. According to this government employee, management could not be blamed for its problems, but a combination of factors was responsible for their underenrollment. Two of the main causes cited by her were a high transiency rate and the poor economy.

(6) The sixth party-at-interest to be interviewed was the competitors or other out-of-school care programs in the area. Calder Out-of-School Care Program of CAC is the only one being operated in its neighbourhood, that is, in Calder area. Three out-of-school care centres were observed and their directors interviewed. Two of these centres were privately owned and were profit-making organizations. The third centre was a community-owned non-profit venture. The directors of all three centres were qualified - with training and experience. The staff of the two private out-of-school care centres were not all trained in early childhood development or experienced. They had a high staff turnover.

The staff of the community-owned centre were all trained and experienced child care workers. This centre started its program in 1980 and since then only one staff member had left the centre. They had a very stable staff. The director of the centre was also responsible for supervising a daycare nearby. These two programs were being run by a Board of Directors composed of concerned parents and citizens. According to the Director, her first priority was to keep the staff happy with their jobs - fees went to pay their salaries first. This way a stable and qualified staff could be maintained. Money generated by the business was put back into the centre to purchase equipment, augment the salaries of the staff, and for the general upkeep of the place.

On the other hand, the two directors of the private out-of-school care centres complained that they could not afford to pay high wages to qualified staff and had to compromise - both the centres had some staff members that had a six week certificate in early childhood development or had a few years of experience as childcare workers. The community-owned (non-profit) centre had a full enrollment and was planning to further increase it. They had relocated in a larger space and could now accommodate double the number of children. The other two centres did not encounter any serious problems of enrollment, though both of them lacked the full number of children they were licensed for.

All three directors were aware of Calder Out-of-School Care Centre. Two of them declined to comment on what they thought of its management or its problems. The third director blamed the director of Calder Out-of-School Care Centre for its problems.

C. Calder Home Upkeep and Maintenance Service (CHUMS)

(1) The first party-at-interest interviewed was the owners or the Board of Directors of CAC. Four members of the Board were interviewed, and a fifth member when contacted declined to be interviewed. As reported in the previous section, all the respondents interviewed gave

mixed responses when asked if the goals for the program had changed during its operation. Two respondents replied that they remained constant and the other two stated that they had been modified. There was no written Business Plan or a formal Plan stating what their goals were, what their marketing plan would be, nor was there a Financial Plan. Varied responses were elicited when asked if any research was done by the owners to determine where assistance for the project could be obtained. One respondent was not aware of it, another respondent replied, "I think not", and two respondents said yes, for both capital and operating financial assistance. The same two respondents replied in the affirmative when asked if they were aware of assistance available from various government departments. Some of these sources were utilized by the Board - for example they utilized grants given by Canada Employment and Immigration Department.

There was no long-range planning for the project. All the respondents agreed that it was not thought out properly.

The Board members stated that they were capable of reading and understanding financial statements. They did not have to apply for outside assistance for accounting purposes as they had an accountant on their Board.

There was no proper mechanism for checking and evaluating the performance of the staff and the project. The supervisor or project manager was responsible for evaluating the project and for its operation. According to one respondent, "That is what they were being paid for." The only check that the Board used was the occasional visits by different Board members and these too were rare, according to one ex-employee of the project. All the respondents stated that lines of communication between the Board and staff were "open" and "non-authoritarian". They were easily accessible to the staff.

All the respondents interviewed felt it was a worthwhile project. The chairperson of the CAC wants to revitalize the project in the near future.

The respondents blamed lack of qualified staff for the closure of the project. One respondent for example said, "Personnel problems were the ultimate cause of the project's failure." Another said, "We were unable to hire qualified staff." A third respondent said that the staff and project managers not only lacked expertise but were not motivated. The fourth respondent blamed the Board for the project's failure - she said though they were all a well-intentioned group, they lacked the expertise to organize and run such a project. The same respondent said that the staff were not motivated because they were paid minimum wages. As soon as they found a better paid job, they left the project.

The second common reason cited for the project's failure was its poor location. As discussed in the Marketing Section, the project was located in a school - at that particular time that was the only affordable space available to the organization.

Another reason cited by one respondent was poor planning by the Board itself - "The Board failed to put a good strategy for implementation." Another respondent said that apart from the fact that the Board lacked the expertise to run such a project, there was no assistance provided by the government to train them. The same respondent stated that the situation further deteriorated because the Board could not devote as much time as it should have. They had opened the Out-of-School Care Centre in the fall of 1980, and started the CHUMS project in January 1981. In April of 1981 they started the Daycare. The result was that CHUMS was "sandwiched in between". According to one respondent, "It was a classic case of too few volunteers doing too much work."

(2) The second party-at-interest was the staff. All the three respondents interviewed stated that there was no clear direction. "It was badly organized", according to one respondent. For example, in the first six weeks of operation of CHUMS there was no phone on the premises, until one employee found a retired electrician who installed a conduit for them at a nominal charge.

There was a high staff turnover. CHUMS had three project managers in the course of one year. Two project managers left because they found better paid jobs, according to one respondent. The same respondent said that the first project manager lacked ambition and drive - "He had to be told what to do."

The roles of the staff were not clearly stated or understood by the staff themselves. The clerk/typist of the project was promoted as manager after the first project manager left - "Nobody defined her role", according to one respondent, "she was not certain of her duties." She did some advertising for the project. There was a Public Relations person, who was also the handyman for the project. "He was totally dissatisfied with the job", according to one respondent, "he did not have enough to do and so quit." They hired another handyman and a clerk/typist. But in a few months they both resigned. The handyman left the job because he found a better paid job, and the typist left because she was "bored" with her job, "there was not much for her to do." The project manager also left her job for another employment. A third project manager was hired who was also the typist for the project. "She had no work experience but had an interest in community affairs", according to one respondent. She stayed with the project till its closure. According to this respondent, the project would have survived had they received funding from the government for another year. When their project closed they had a positive balance of six thousand dollars. But this amount was not sufficient to run the project.

Two respondents stated that it was very difficult to communicate to the Board - "They were not easily accessible", and "They were too busy running their childcare programs."

There were no set tools used for evaluating the performance of the personnel by the "owners". All respondents agreed that it was a worthwhile experience. According to one respondent, "It provided housewives with an opportunity to return to the work force." All the respondents felt that CAC lacked the funding and expertise to operate such a project.

(3) The "customers" were the third party-at-interest to be interviewed. On the whole twenty customers were interviewed by telephone. Satisfaction with the services were gauged from their responses. On the whole, as mentioned in Marketing Section, there seemed to be moderate to lukewarm positive response to the services.

All the respondents stated that they thought CHUMS was an excellent idea. However, one respondent pointed out, "They were quite confused about their objectives. They did not zero in on the seniors only, but wanted to please everybody." One respondent said that she was not aware that CHUMS had started as "a for seniors only project". At that particular time her mother needed somebody to paint her house and was unable to find anyone with reasonable rates. All the respondents felt that the CAC Board was not equipped financially or had the expertise to run such a venture. One respondent stated that if CHUMS ever wanted to revitalize the project, they must first redefine what they wanted to do and establish their goals. Furthermore, according to this respondent, CHUMS should be geared to all the residents of the community and not just the seniors, as Calder needed new and young people to move in. Another respondent felt that since CAC was a non-profit organization comprised of volunteer workers, the effectiveness of their work was diluted by being involved in other community activities - "Volunteers can devote only so many hours to volunteer work. They do not have enough volunteer time, since the same group of people tends to be involved in other community activities." One respondent felt that CHUMS failed because there were not enough dedicated people participating in the project.

(4) The various government departments were contacted as the fourth party-at-interest. The departments and agencies of government contacted for this section included those government departments that were directly associated with the CHUMS project.

It was interesting to note that the bottom line given by all the respondents when asked why in their opinion CHUMS project failed, mismanagement and lack of commitment to the project were the main reasons given. All the respondents echoed that it was critical to have a manager who was familiar with all the facts of business, "the ins and outs of business". This phrase was qualified by one respondent by stating that "management must be run by one person who should report to the Board of Directors - he must be a good administrator, good marketing person, have good expertise in the day to day operation of the business and be understanding." One government employee said that it is important that such community Boards should go through a long process of finding a "top notch manager who had had experience in managing community ventures. Then the Board must designate authority to the manager to run the project independently." Another government employee said, "Dollars you pay in the beginning may be too high but will pay back in the form of profits and smooth running." This respondent was referring to the salary of a qualified manager.

Four respondents said that confusion of goals of community ventures was one of the reasons for so many failures - "They are not clear on their objectives for being in business." Another closely related reason cited by the respondents was lack of motivation. All respondents stated that absence of a strong motivating factor, which to three respondents was primarily profits, was a "minus factor" for management and staff and often resulted in closure of ventures. Motivation, according to one respondent, was directly related to reward of gains and risk of failure.

(5) The fifth party-at-interest interviewed was the competitors of

CHUMS. The writer interviewed ten tradesmen who were involved in providing the same kind of services in that area. Three carpenters, three plumbers, three handymen, and one window repairman were interviewed. Only two respondents were aware of CHUMS project. They thought that management was totally disorganized - "they did not know what they wanted to do." In addition to these tradesmen, project managers of two similar projects (discussed in the Marketing Section) were also interviewed. Both these managers were qualified for their jobs, and had been with their projects since their inception. All the respondents interviewed did not think that CHUMS was ever a threat to their business, because they had their regular clientele, had been in business for years, and were skilled in their own trades. One respondent made an interesting speculation on the reason why CHUMS failed - "Probably its management was trying to please everybody by providing all kinds of services when it wasn't equipped to do so."

D. Summary of Analysis of Management Section

On the whole, the writer felt that management by the owners and directors of both the childcare programs was responsive and flexible to the customers' needs. My assessment of the owners' communications ability through interviews and observations was that the owners were able to communicate to each other and to the staff effectively. There was no confusion in their goals, plans and strategies. The writer observed that both parties-at-interest, that is, the owners and staff of the childcare programs were a dedicated group, committed to their cause of providing quality childcare. They were willing to learn from their mistakes. They knew that their staff at the Daycare lacked expertise and so were providing them with incentives to upgrade themselves. Some Board members attended different workshops organised by the Social Services Department. The drive and persistence of these two parties-at-interest was exhibited during many occasions. For example, it took a lot of hard work on their part to convince the Municipal Social Services Department not to close the program, even though they were underenrolled and had consistently been so. The Chairperson of the organization struck the writer as being the catalyst behind the program. This was corroborated by one CCC member and a government employee, who both stated that her persistence and enthusiasm permeated the other Board members and staff.

Dedication of the staff of Out-of-School Care Program was exhibited when they were willing to take a reduction in their already basic salaries so as to save the centre from closing down. The two directors of the program had good rapport with the staff and children.

On the whole, although persistently on the edge of financial instability, management of the two childcare programs fulfilled most of the criteria listed for effective management in Chapter II.

CHUMS project, as stated by all parties-at-interest, was poorly planned. The owners were unable to devote much time to this project and, therefore, it was left entirely on the project managers to operate the project. All the project managers hired had never managed a project of any sort before. They lacked the expertise to operate such a project. As stated by one respondent, "They were waiting to be told what to do." In addition, they lacked the enthusiasm and commitment required to manage and operate a project.

Thus, poor management of CHUMS project was definitely seen as one of the main causes of the project's closure by all respondents interviewed.

FOOTNOTES

1. This break-down was done by a government employee of the Social Services Department in April 1984.

2. A map of Edmonton City showing Tracts 66 and 67 is included in the Appendix.

3. CASE (Counselling Assistance to Small Enterprises) is the small business assistance branch of the Federal Business Development Bank (FBDB).

4. M. Whitmore, "The Financing and Implementation of Community Development Programs", a thesis done for the Department of Community Development (Edmonton: Unpublished, 1977), p.130.

CHAPTER V

SUMMARY AND CONCLUSIONS

This thesis analysed the business dimension of community economic development (c.e.d.). To accomplish this end, six major factors were identified in Chapter II as crucial ingredients for the success of community ventures. These six factors were:

1. Management
2. Marketing
3. Accounting
4. Capital
5. Goal Clarity
6. Government Involvement and Commitment

These factors are responsible for the success and failure of many businesses and the strength of a business effort in each of these areas was expected to determine its future viability. Criteria by which strength in each area could be judged were established in Chapter II. In Chapter IV, three community economic development projects were described and analysed in terms of each of these areas. The projects were evaluated in each area in terms of the opinions and level of satisfaction of the six parties-at-interest. These were the owners, employees, customers, community residents, government and competitors.

The propositions of the study were that the two child care projects of the Calder Action Committee had survived because of the presence of two conditions. These were:

1. There was an implicit and explicit consensus of goals of the organization.
2. The steps taken to implement these goals adhered to a great degree to the six components listed in Chapter II as important contributing factors to the success of community ventures.

It was proposed that CHUMS project lacked these two conditions.

The analysis indicated that there was an implicit consensus of goals for both the childcare projects. All six parties-at-interest had a clear understanding of the major goals of the projects. The strategies adopted to meet these goals included the six components crucial to community business success. Calder Home Upkeep and Maintenance Service (CHUMS) project, on the other hand, lacked two of these important conditions. There was confusion in the minds of the owners and staff of CHUMS project. Hence, the strategies adopted by CHUMS personnel were deficient in most of the six components listed as crucial to the survival of SB and community business.

Conclusions

Analysis of the three c.e.d. projects brought forward certain findings corresponding to the literature on SB and community business, which state that absence of certain components could be disastrous to community groups embarking on business ventures. These components have a bearing on the success and failure of business. Though the scope of this study is limited, the results of this thesis suggest that there is a greater chance of survival and a better likelihood of definite success, if there are more components present. Therefore, community groups interested in business must ensure that all six areas are given adequate attention.

Management, both as a process and as management personnel, is one of the factors to which community groups must pay heed. Management personnel of community ventures must carefully research, analyse and evaluate the project. They must be responsive and flexible to the needs of the market. It is essential that management be motivated and committed to the project. Perseverence, communications ability, drive, imagination and prior managerial experience are all important characteristics of good management. However, since management of businesses initiated by community groups do not have managerial experience and training, it is essential that they be exposed to a good program of management assistance.

The results of the study revealed that CHUMS management personnel lacked the commitment, expertise or drive essential to operate such a project. There was a lack of planning. In addition the owners were unable to devote much time to the project. The two child care projects were surviving. The owners and directors of these two projects were responsive to the needs of the customers. There was no confusion about the goals of the project. Management and owners were committed to their cause of providing quality child care in their community.

Marketing was the second factor established in the review as being crucial to the survival and success of community ventures. It is important for community groups to have some kind of a plan, be it a Marketing Plan or a broader Business Plan, which clearly states the goals, objectives and strategies of the project. A typical Marketing Plan answers the following three questions:

1. Where are we now?
2. Where do we want to go?
3. How do we get there?

It is important to conduct a market research in order to determine what are the needs and desires of customers, so that products and services could be designed to meet those needs. Their guide to marketing must be their Basic Strategy, which is:

1. What segments are to be served?
2. With what products and services?
3. With what combination of people, price, promotion and location?

It is vital for people interested in community ventures to be sensitive to the idea that marketing is the creative force that matches their products and services with the customers' needs. Without an aggressive marketing program, the community-based enterprise is more than likely to lose out to established businesses, because these companies are familiar to local residents and would continue to be forceful in attempting to maintain their market position.

The marketing programs of the childcare projects had conducted an informal situation analysis, that is, a review of their current status in the market. They were aware of the composition of their community and what was important to their customers. However, the owners and directors refused to perceive the projects as existing in a competitive environment. Though they were aware of what their competitors were doing, they refused to compete with other childcare projects. By so doing, they posed an unnecessary problem for themselves. The marketing campaigns for the two projects were intensified during the course of the study, and the two projects had informal Marketing Plans.

There was no situation analysis conducted for the CHUMS project.

The survey that was done prior to embarking on these three projects was not as comprehensive as asserted by the owners. It failed to yield such pertinent and important information as where in their community was the highest concentration of seniors, who were their initial target population. The survey also failed to reveal such information as whether there was a genuine demand for such a service. They did not identify the predominant occupations of their community. Furthermore, both management and owners ignored an important marketing rule that the market is not homogeneous. They did not identify their market segment by demographic, geographic, or benefit factors.

The third factor is accounting. As demonstrated in the review of literature, lack of proper internal controls resulted in the closure of many firms. Heavy operating expenses, receivables difficulties, and inventory difficulties were listed by Dunn and Bradstreet[1] as being responsible for closure of 26.7% businesses surveyed by them. Mayer and Goldstein[2] in their study discovered that poor accounting practices such as overindebtedness, inept merchandising, and careless credit policies were responsible for some business failures. Community groups must recognise the importance of planning, budgeting and cash control procedures. Management must use financial information in its decision-making.

The owners of the childcare projects had introduced new cash control mechanisms for these projects during the course of the study. They knew where the funds were all the time. There was an adequate level of bookkeeping and budgetary control for all the three projects of CAC.

Capital was the fourth factor established as crucial to the survival of community business. It is important for community ventures to launch viable and long-term projects which generate income, thereby eliminating dependence on government grants. They must be careful to avoid undercapitalization, insufficient working reserve and overreliance on borrowed capital.

All three projects relied heavily on government financial support. Their financial structure seemed weak, and there was insufficient working reserve for the CHUMS project.

It is imperative to determine goals in order to establish the direction in which the business must be conducted. Therefore, clarity of goals was the fifth factor established as important to survival of community business. There should not be confusion in the social, cultural and educational, and business goals of CDC's. The primary goal of a community business should be to establish a self-sufficient and viable enterprise, which is able to attract managerial, technical and financial resources. It would be fatal to community business if all services were provided at cost. The writer agrees with G. McLeod[3], that a CDC must attempt to make profits, but in a special way. He stresses the principle of profit optimization as opposed to profit maximization.

The owners and staff of the two childcare projects had an implicit understanding of the goals of the projects. Though these goals were unwritten, all members of the staff and Board of Directors of these two projects understood them clearly. They were all adamant in stating that they were a non-profit organization and were not competing for services. However, they realized that in order to survive they had to make some profit. There was complete lack of clarity of goals in the minds of the staff and owners of CHUMS project. The result was confusion and ultimately, closure of the project.

Government involvement and commitment was established as the sixth factor crucial to the survival of community ventures. Community groups need the support of all three levels of government - federal, provincial and municipal. This support should be in the form of commitment not only for funding of projects, but also for assistance in crucial areas of management, marketing and accounting.

There was adequate government support for both the childcare projects. However, it was discovered that there was not enough government involvement and commitment given to CHUMS project.

In these turbulent times of high unemployment, spiralling interest rates, expensive and hard to procure loans and increasing costs of operations, it is important that CDC's, with a c.e.d. perspective, possess a combination of all of these six factors.

This study could be useful as a stepping stone for further research into how community groups interested in their economic development could be assisted. Furthermore, this study would be helpful to community groups already involved in community economic development projects, to assist them in self-evaluation.

The impact of this study on Calder Action Committee was that it started a process of self-evaluation by the CAC of its child care projects. During the course of the study, the CAC members intensified their marketing campaign for the two projects, and tightened their cash control mechanisms. A meeting of the Board of Directors, Childcare Committee members and staff discussed the goals, objectives and strategies for the two projects, and the roles of the personnel and communication channels were clarified.

Even though, from the business point of view, the CHUMS project failed, and the remaining two projects are surviving, the three projects of Calder Action Committee were a success, in a community development perspective, because they started a "process". This process of community development strengthened the qualities of participation, self-direction and cooperation of the group, preparing it for a future community economic development venture.

FOOTNOTES

1. Dunn and Bradstreet, "The Failure Record Through 1969", in Community Economic Development, J.C. Weistart, ed. (New York: Oceana Publications Inc. (1972), p.123.

2. Mayer and Goldstein, The First Two Years: Small Firm Growth and Survival Problems (Washington, D.C.: Small Business Administration Publication, 1961), p.154.

3. G. Macleod, "Community Development Corporations - Theory and Practice", Paper presented at Community Economic Development Seminar (Edmonton: Unpublished, 1982), p.182.

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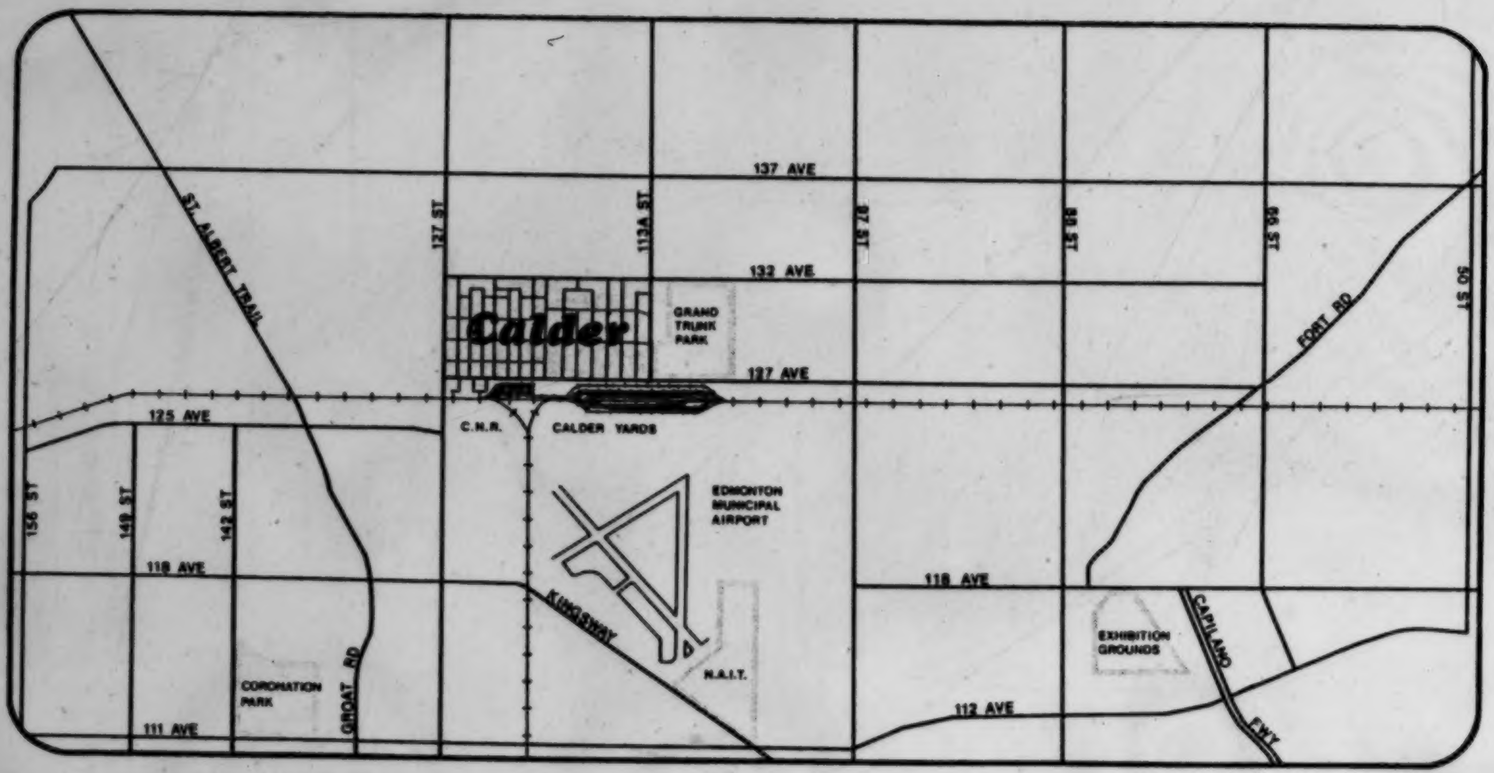
APPENDIX I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66 ST
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ST. ALBERT TRAIL
GROAT RD
KINGSWAY
FORT RD
CAPILANO FWY
Calder
GRAND TRUNK PARK
C.N.R.
CALDER YARDS
EDMONTON MUNICIPAL AIRPORT
N.A.I.T.
CORONATION PARK
EXHIBITION GROUNDS

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LOCATION

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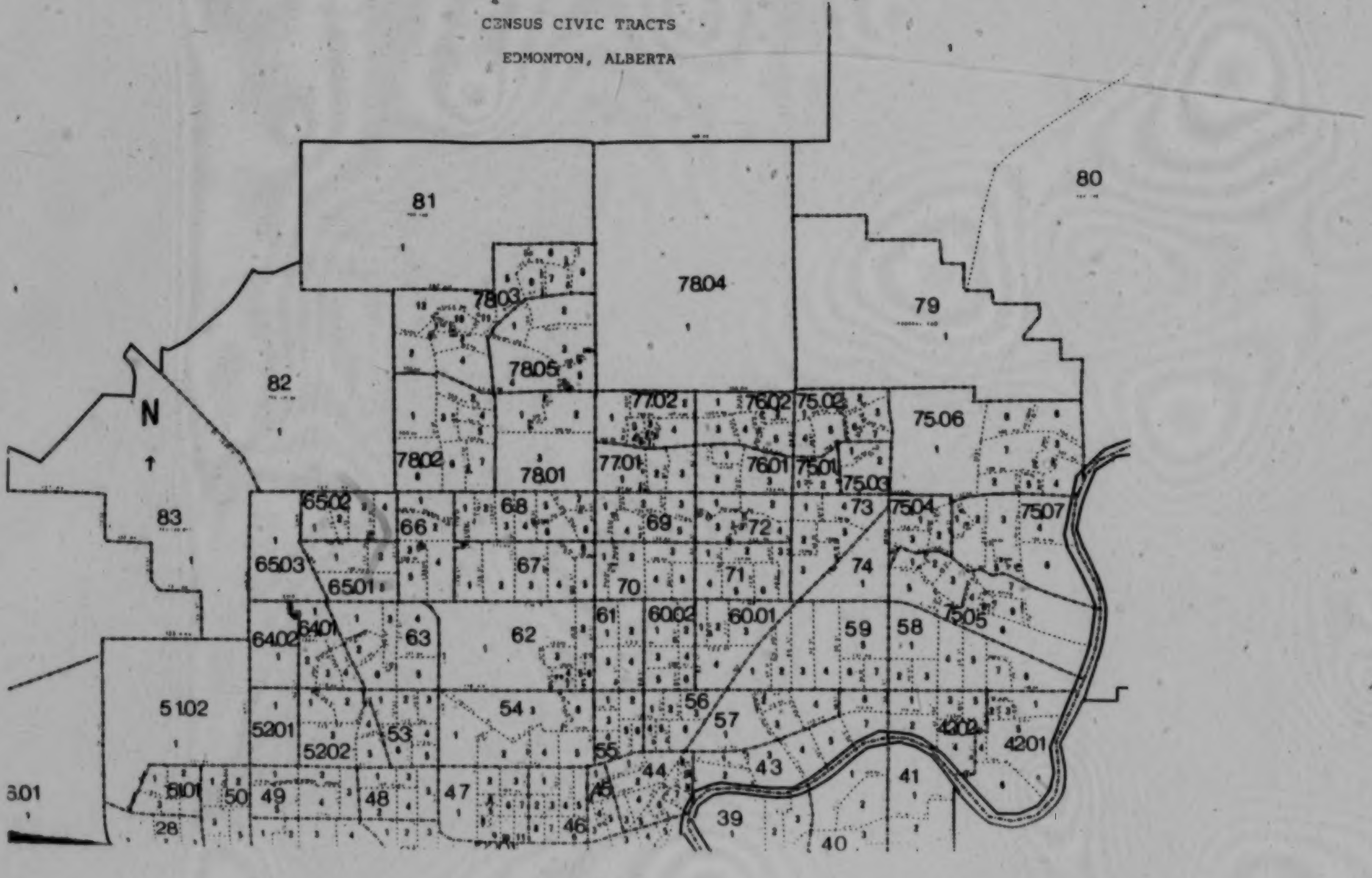
CITY PLANNING DEPARTMENT
MARCH, 1977

APPENDIX II

CENSUS CIVIC TRACTS

EDMONTON, ALBERTA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